CoreSite Realty Corp
Form S-11/A
September 01, 2010

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As filed with the Securities and Exchange Commission on September 1, 2010
Registration No. 333-166810

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 4
to

Form S-11
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

CoreSite Realty Corporation
(Exact name of registrant as specified in governing instruments)

1050 17th Street, Suite 800
Denver, CO 80265
(866) 777-2673
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Thomas M. Ray
President & Chief Executive Officer
CoreSite Realty Corporation
1050 17th Street, Suite 800
Denver, CO 80265
(866) 777-2673
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer þ (Do not check if a smaller reporting company)	Smaller reporting company o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information contained in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 1, 2010

PROSPECTUS

Shares

CoreSite Realty Corporation
Common Stock
$ per share

This is our initial public offering of our common stock. We are selling shares of our common stock. We currently expect the initial public offering price to be between $ and $ per share.

We have granted the underwriters an option to purchase up to additional shares of common stock to cover over-allotments.

Our common stock has been authorized for listing on the New York Stock Exchange upon completion of this offering under the symbol COR.

We intend to elect to be taxed and to operate in a manner that will allow us to qualify as a real estate investment trust, or REIT, for U.S. federal income tax purposes commencing with our tax year ending December 31, 2010. Shares of our common stock are subject to ownership limitations that are intended to assist us in qualifying and maintaining our qualification as a REIT, including, subject to certain exceptions, a 9.8% ownership limit. See Description of Securities.

Investing in our common stock involves risks. See Risk Factors beginning on page 18 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$	$
Underwriting Discounts and Commissions	$	$

Proceeds to CoreSite (before expenses)	$	$

The underwriters expect to deliver the shares to purchasers on or about , 2010 through the book-entry facilities of The Depository Trust Company.

Joint Book-Running Managers

Citi BofA Merrill Lynch RBC Capital Markets

Lead Managers

KeyBanc Capital Markets Credit Suisse

, 2010

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front cover of this prospectus.

This prospectus contains third-party estimates and data regarding growth in the Internet and data center industries. This data was obtained from reports by and publications of Tier1 Research, LLC, Cisco Systems, Inc., Nemertes Research and Gartner, Inc. Although we have not independently verified the data and estimates contained in these reports and publications, we believe that this information is reliable. However, there can be no guarantee that the markets discussed in these reports will grow at the estimated rates or at all, and actual results may differ from the projections and estimates contained in these reports. Any failure of the markets to grow at projected rates could have an adverse impact on our business. See Appendix B: Citations for a complete list of these reports and publications.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. Before making your investment decision, you should read this entire prospectus and should consider, among other things, the matters set forth under Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and our unaudited pro forma financial statements and our historical consolidated and combined financial statements and related notes included elsewhere in this prospectus. Unless the context requires otherwise, references in this prospectus to we, our, us and our company refer to CoreSite Realty Corporation, a Maryland corporation, together with its consolidated subsidiaries after giving effect to the Restructuring Transactions described in this prospectus, including CoreSite, L.P., a Delaware limited partnership of which CoreSite Realty Corporation is the sole general partner and which we refer to in this prospectus as our operating partnership and CoreSite Services, Inc., a Delaware corporation, our taxable REIT subsidiary, or TRS. Our promoters are our President, Chief Executive Officer and Director, Thomas M. Ray and CoreSite, L.L.C. References to pro forma revenues, pro forma net loss and pro forma funds from operations refer to our revenues, net loss and funds from operations as described in Summary of Historical and Pro Forma Financial Data and the unaudited pro forma financial statements included elsewhere in this prospectus. Unless otherwise indicated, the information contained in this prospectus is as of June 30, 2010 and assumes that the transactions described under the caption Structure and Formation of Our Company have been consummated. For a list of certain industry terms and sources cited herein, see Appendix A: Glossary of Terms and Appendix B: Citations, respectively.

Our Company

We are an owner, developer and operator of strategically located data centers in some of the largest and fastest growing data center markets in the United States, including Los Angeles, the San Francisco Bay and Northern Virginia areas, Chicago and New York City. Our data centers feature advanced power, cooling and security systems, including twenty-four hours a day, seven days a week security staffing, and many are points of dense network interconnection. We are able to satisfy the full spectrum of our customers data center requirements by providing data center space ranging in size from an entire building or large dedicated suite to a cage or cabinet. We lease our space to a broad and growing customer base ranging from enterprise customers to less space-intensive, more network-centric customers. Our operational flexibility allows us to selectively lease data center space to its highest and best use depending on customer demand, regional economies and property characteristics.

As of June 30, 2010, our property portfolio included 11 operating data center facilities, one data center under construction and one development site, which collectively comprise over 2.0 million net rentable square feet, or NRSF, of which over 1.0 million NRSF is existing data center space. These properties include 277,126 NRSF of space readily available for lease, of which 190,788 NRSF is available for lease as data center space. We expect that our redevelopment and development potential will enable us to accommodate existing and future customer demand and positions us to significantly increase our cash flows.

Our data center acquisitions have been historically funded and held through real estate funds affiliated with The Carlyle Group, or Carlyle, a global private equity firm. The first data center in our portfolio was purchased in 2000 and since then we have continued to acquire, redevelop, develop and operate these types of facilities.

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Our Portfolio

The following table provides an overview of our properties as of June 30, 2010 after giving effect to the Restructuring Transactions.

			NRSF						
		Annualized	Data Center[2]		Operating[1] Office and Light-Industrial[3]		Total		Red D
tropolitan Area	Acquisition Date[5]	Rent ($000)[6]	Total	Percent Leased[7]	Total	Percent Leased[7]	Total[8]	Percent Leased[7]	Under Construction(
ngeles	Aug. 2007	$ 20,391	156,521	74.1%	7,500	62.2%	164,021	73.6%	
ngeles	Oct. 2006	11,044	256,690	91.1	16,622	7.1	273,312	86.0	16,126
ancisco Bay	Feb. 2000	11,003	84,045	86.5	205,846	77.9	289,891	80.4	
rn Virginia	Dec. 2007	8,838	116,498	70.5	38,350	99.2	154,848	77.6	
ancisco Bay	Dec. 2006	6,507	71,847	85.7			71,847	85.7	4,829
o	Feb. 2007	5,950	129,790	74.5	45,283	100.0	175,073	81.1	
	Apr. 2007	5,506	118,991	94.0	2,600	57.1	121,591	93.2	25,118
ork	June 2007	3,730	48,404	68.8			48,404	58.8	
rn Virginia	June 2006	1,914	22,137	96.6			22,137	96.6	
	June 2006	1,314	30,176	49.4	1,641	40.2	31,817	49.0	
ancisco Bay	Feb. 2007	8,820	50,000	100.0			50,000	100.0	
ancisco Bay	Feb. 2007	678			78,800	74.3	78,800	74.3	
ancisco Bay	Feb. 2007								50,400
		$ 85,695	**1,085,099**	**82.4%**	**396,642**	**78.2%**	**1,481,741**	**81.3%**	**96,473**

* Indicates properties in which we hold a leasehold interest.

(1) Represents the square feet at a building under lease as specified in existing customer lease agreements plus management s estimate of space available for lease to customers based on engineers drawings and other factors, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas. Total NRSF at a given facility includes the total operating NRSF and total redevelopment and development NRSF, but excludes our office space at a facility and our corporate headquarters.

(2) Represents the NRSF at an operating facility that is currently leased or readily available for lease as data center space. Both leased and available data center NRSF include a customer s proportionate share of the required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.

(3) Represents the NRSF at an operating facility that is currently leased or readily available for lease as space other than data center space, which is typically space offered for office or light-industrial use.

(4) Represents vacant space in our portfolio that requires significant capital investment in order to redevelop or develop into data center facilities. Total redevelopment and development NRSF and total operating NRSF represent the total NRSF at a given facility.

(5) Represents the date a property was acquired by a Carlyle real estate fund or, in the case of a property under lease, the date the initial lease commenced for the property.

(6) Represents the monthly contractual rent under existing customer leases as of June 30, 2010 multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and, for any customer under a modified gross or triple-net lease, it excludes the operating expense reimbursement attributable to those leases. Total abatements for leases in effect as of June 30, 2010 for the 12 months ending June 30, 2011 were $26,303. On a gross basis, our annualized rent was approximately $90,792,000 as of June 30, 2010, which reflects the addition of $5,097,139 in operating expense reimbursements to contractual net rent under modified gross and triple-net leases.

(7) Includes customer leases in effect as of June 30, 2010. The percent leased is determined based on leased square feet as a proportion of total operating NRSF.

(8) Represents the NRSF at an operating facility currently leased or readily available for lease. This excludes existing vacant space held for redevelopment or development.

(9) Reflects NRSF for which substantial activities are ongoing to prepare the property for its intended use following redevelopment or development, as applicable. Of the 96,473 NRSF under construction as of June 30, 2010, 85,434 NRSF was data center space and 11,039 NRSF was ancillary data center support space.

(10) We currently have the ability to develop 129,200 NRSF of data center space at the Coronado-Stender Properties and, subject to our obtaining a mitigated negative declaration from the City of Santa Clara, we believe that we will be able to develop an additional 216,050 NRSF, or up to 345,250 NRSF in the aggregate, of data center space at this property. See Business and Properties Description of Our Portfolio Coronado-Stender Business Park, Santa Clara, California.

(11) We currently have the ability to develop 50,400 NRSF of data center space at 2972 Stender. We have submitted a request for a mitigated negative declaration from the City of Santa Clara to enable us to construct up to an additional 50,600 NRSF at this building, for a total of up to 101,000 NRSF of data center space. We are under construction on the currently entitled 50,400 NRSF of data center space. Should we obtain entitlements to construct the additional 50,600 NRSF and, provided we then believe market demand warrants and that it would be the best use of our capital available for expansion, we may elect to construct the entire 101,000 NRSF of space, comprised of the initial 50,400 NRSF of data center space plus the incremental 50,600 NRSF of unconditioned core and shell space held for potential future development into data center space. See Business and Properties Description of Our Portfolio Coronado-Stender Business Park, Santa Clara, California.

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Industry Overview

Data centers are highly specialized and secure buildings that house networking, storage and communications technology infrastructure, including servers, storage devices, switches, routers and fiber optic transmission equipment. These buildings are designed to provide the power, cooling and network connectivity necessary to efficiently operate this mission-critical IT equipment. This infrastructure requires an uninterruptible power supply, backup generators, cooling equipment, fire suppression systems and physical security. Data centers located at points where many communications networks converge can also function as interconnection hubs where customers are able to connect to multiple networks and exchange traffic with each other.

According to the Cisco Visual Networking Index, global IP traffic, including Internet, non-Internet and mobile data, is expected to quadruple from 2009 to 2014, representing a compound annual growth rate of 34%.[a] We believe that the data center industry enjoys strong demand dynamics principally driven by the continued growth of Internet traffic, the corresponding increase in processing and storage equipment and the increased need for network interconnection capabilities. Additionally, companies are increasingly outsourcing their data center needs due to the high cost of operating and maintaining in-house data center facilities, increasing power and cooling requirements for data centers and the growing focus on business and disaster recovery planning.

We believe that sufficiently capitalized operators with space and land available for redevelopment and development, as well as a proven track record and reputation for operating high-quality data center facilities, will enjoy a significant competitive advantage and be best-positioned to accommodate market demand.

Our Competitive Strengths

We believe the following key competitive strengths position us to efficiently scale our business, capitalize on the growing demand for data center space and interconnection services, and thereby grow our cash flow.

High Quality Data Center Portfolio. As of June 30, 2010, our property portfolio included 11 operating data center facilities, one data center under construction and one development site. Much of our data center portfolio has been recently constructed. Specifically, since January 1, 2006, we have redeveloped or developed 620,586 NRSF into data center space, or approximately 57.2% of our current data center portfolio. Based upon our portfolio as of June 30, 2010 and including the completion of the 85,434 NRSF of data center space under construction at that time, 60.3% of our data center portfolio will have been built since January 1, 2006.

Significant Network Density. Many of our data centers are points of dense network interconnection that provide our customers with valuable networking opportunities that help us retain existing customers and attract new ones. We believe that the network connectivity at these data centers provides us with a significant competitive advantage because network-dense facilities offering high levels of connectivity typically take many years to establish. To facilitate access to these networking opportunities, we provide services enabling interconnection among our data center customers including private cross connections and publicly-switched peering services.

Expansion Capability. Our data center facilities currently have 190,788 NRSF of space readily available for lease. We also have the ability to expand our operating data center square footage by approximately 80%, or 865,621 NRSF, by redeveloping 419,371 NRSF of vacant space and developing up to 446,250 NRSF of new data center space on land that we currently own, subject to our obtaining a mitigated negative declaration from the City of Santa Clara. Of this redevelopment and development space, 85,434 NRSF of data center space was under construction as of June 30, 2010. See Business and Properties Description of Our Portfolio Coronado-Stender Business Park, Santa Clara, California.

Facilities in Key Markets. Our portfolio is concentrated in some of the largest and most important U.S. metropolitan markets. As of June 30, 2010, over 70% of our leased operating NRSF, accounting for over 90% of our annualized rent, was located in five of the six North American markets identified by Tier1 Research, LLC as markets of high data center demand.[b]

Diversified Customer Base. We have a diverse, global base of over 600 customers, which we believe is a reflection of our strong reputation and proven track record, as well as our customers trust in our ability to house their mission-critical applications and vital communications technology. As of June 30, 2010, no one customer represented more than 13.5% of our annualized rent and our top ten customers represented 36.7% of our annualized rent. Our diverse customer base spans many industries and includes:

Global Telecommunications Carriers and Internet Service Providers: AT&T Inc., British Telecom (BT Group Plc.), China Netcom Group Corp., China Unicom (Hong Kong) Limited, France Telecom SA, Internap Network Services Corp., Japan Telecom Co., Ltd., Korea Telecom Corporation, Singapore Telecom Ltd., Sprint Nextel Corporation, Tata Communications Ltd., Telmex U.S.A., L.L.C. and Verizon Communications Inc;

Enterprise Companies, Financial and Educational Institutions and Government Agencies: Computer Science Corporation, the Government of the District of Columbia, Macmillan Inc., Microsoft Corporation, The NASDAQ OMX Group, Inc., NYSE Euronext and the University of Southern California; and

Media and Content Providers: Akamai Technologies, Inc., CDNetworks Co. Ltd., DreamWorks Animation SKG, Inc., Facebook, Inc., Google Inc., NBC Universal Inc., Sony Pictures Imageworks Inc. and Warner Brothers Entertainment, Inc.

Experienced Management Team. Our management team has significant experience in the real estate, communications and technology industries. Notably, our Chief Executive Officer, Mr. Thomas M. Ray, has over 22 years of experience in the acquisition, financing and operation of commercial real estate, which includes over 11 years in the data center industry and five years at publicly traded REITs. Additionally, our Chief Financial Officer, Ms. Deedee Beckman, has approximately 16 years of financial experience, including nearly ten years with a publicly traded REIT. Ms. Beckman has indicated to us that for personal reasons she would like to reduce her service to our company to a part-time basis at a reasonable and mutually convenient time. At such future time, Ms. Beckman would voluntarily resign from her position as our Chief Financial Officer. No date has been set for her transition from her current position as Chief Financial Officer, although we have commenced a search to identify a qualified candidate to succeed her in that capacity. Ms. Beckman will continue to serve as our Chief Financial Officer until we find a suitable replacement and, thereafter, for a period of time to assist in the transition process. We and Ms. Beckman have also expressed a mutual desire for her to continue as a permanent part-time employee following this transition. We believe our management team s significant expertise in acquiring, redeveloping, developing and operating efficient data center properties has enabled us to develop a high-quality data center portfolio and offer customer-focused solutions.

Balance Sheet Positioned to Fund Continued Growth. Following completion of this offering, we believe we will be conservatively capitalized with sufficient funds and available capacity to pursue our anticipated redevelopment and development plans. After giving effect to the Restructuring Transactions, the Financing Transactions and the use of proceeds therefrom as described more fully below, as of June 30, 2010, we would have had approximately $124.9 million in principal amount of total long-term debt outstanding (excluding a $2.0 million fair value of debt adjustment resulting from the Restructuring Transactions) equal to approximately 12.7% of the undepreciated book value of our total assets. See The Restructuring Transactions and The Financing Transactions. In addition, we expect to have $ million of cash available on our balance sheet and the ability to borrow up to an additional $ million under a new $110.0 million revolving credit facility, subject to satisfying certain financial tests. We may also incur additional indebtedness to pursue our redevelopment and development plans. Upon completion of this offering, there will be no limits on the amount of indebtedness we may incur other than limits contained in our revolving credit facility, mortgage loans or future agreements that we may enter into or as may be set forth in any policy limiting the amount of indebtedness we may incur adopted by our Board of Directors. See Policies with Respect to Certain

Activities Financing Policies and Risk Factors Risks Related to Our Business and Operations Our level of indebtedness and debt service obligations could have adverse effects on our business. We believe this available capital will be sufficient to fund our general corporate needs, including the completion of 85,434 NRSF of data center space under construction as of June 30, 2010 and the redevelopment or development of an additional 99,578 NRSF of space prior to December 31, 2011, of which 82,620 NRSF is planned data center space and 16,958 NRSF is ancillary data center support space.

Business and Growth Strategies

Our business objective is to continue growing our position as a provider of strategically located data center space in North America. The key elements of our strategy are as follows:

Increase Cash Flow of Our In-Place Data Center Space. We actively manage and lease our properties to increase cash flow by:

Increasing Rents. Approximately 90% of our annualized rent as of June 30, 2010 was derived from data center leases. Additionally, the occupancy rate of our data centers has remained strong with over 81% of our data center operating space under lease as of June 30, 2010 and December 31, 2009. We believe that the average rental rate for our in-place data center leases is substantially below market and that our ability to renew these leases at market rates provides us with an opportunity to increase our cash flows. We renewed approximately 75% of our data center leases that expired during the year ended December 31, 2009, while increasing rents under data center leases renewed or newly-leased during the year. The dollar-weighted average rental rate per NRSF of the leases for our data center space renewed or newly-leased during 2009 was approximately 25% greater than that of the data center leases expiring in the same facilities during the year. We also believe that many of our data center leases that are contractually scheduled to expire during 2010 are at rental rates meaningfully below current market rates. Specifically, the dollar-weighted average rental rate per NRSF of data center leases we renewed or newly-leased in 2009 was over 25% greater than that of the data center leases contractually scheduled to expire in the same facilities during 2010. Additionally, the dollar-weighted average rental rate per NRSF of our data center leases renewed during the six months ended June 30, 2010 was approximately 25% greater than that of the data center leases expiring in the same facilities during that period.

Leasing up Available Space and Power. We have the ability to increase both our revenue and our revenue per square foot by leasing additional space and power to new and existing data center customers. As of June 30, 2010, substantially all of our data center facilities offered our customers the ability to increase their square footage under lease as well as the amount of power they use per square foot. In total, our existing data center facilities have 190,788 NRSF of space available for lease. We believe this space, together with available power, enables us to generate incremental revenue within our existing data center footprint without necessitating extensive capital expenditures.

Capitalize on Embedded Expansion Opportunities. Our portfolio includes 419,371 NRSF of vacant space that can be redeveloped into data center space. In addition to our redevelopment space, as of June 30, 2010, our portfolio included a 15.75-acre property housing seven buildings in Santa Clara, California, which we refer to as the Coronado-Stender Business Park. The Coronado-Stender Business Park currently includes:

2901 Coronado, a 50,000 NRSF data center on 3.14 acres, representing the first phase of our development at the Coronado-Stender Business Park, which we completed during the second quarter of 2010. During March 2010, we fully leased this space to a leading online social networking company pursuant to a six-year lease;

2972 Stender, a 50,400 NRSF data center under construction on 3.51 acres, which represents the second phase of our development at the Coronado-Stender Business Park. We have submitted a request for a mitigated negative declaration from the City of Santa Clara to enable us to construct up to an additional 50,600 NRSF at this building, for a total of up to 101,000 NRSF of data center space. Should we obtain entitlements to construct the additional 50,600 NRSF and, provided we then believe market demand warrants and that it would be the best use of our capital available for expansion, we may elect to construct the entire 101,000 NRSF of space, comprised of the initial 50,400 NRSF of data center space plus the incremental 50,600 NRSF of unconditioned core and shell space held for potential future development into data center space; and

- the Coronado-Stender Properties, a 9.1 acre development site with five buildings consisting of 78,800 NRSF of office and light-industrial operating space and 50,400 NRSF of vacant space in land held for development, portions of which generate revenue under short-term leases. This development site currently provides us with the ability to develop additional data center space in one of the fastest growing and most important data center markets in North America. We currently have the ability to develop 129,200 NRSF of data center space at the Coronado-Stender Properties and, subject to our obtaining a mitigated negative declaration from the City of Santa Clara, we believe that we will be able to develop an additional 216,050 NRSF, or up to 345,250 NRSF in the aggregate, of data center space at this property. See Business and Properties Description of Our Portfolio Coronado-Stender Business Park, Santa Clara, California.

Upon completion of the Restructuring Transactions and the Financing Transactions as described more fully below, we believe that we will have sufficient capital to execute our redevelopment and development plans as demand dictates.

Selectively Pursue Acquisition Opportunities in New and Existing Markets. We intend to seek opportunities to acquire existing or potential data center space in key markets with abundant power and/or dense points of interconnection that will expand our customer base and broaden our geographic footprint. We will also continue to implement our hub-and-spoke strategy that we have successfully deployed in our three largest markets, Los Angeles and the San Francisco Bay and Northern Virginia areas. In these markets, we have extended our data center footprint by connecting our newer facilities, the spokes, to our established data centers, our hubs, which allows our customers leasing space at the spokes to leverage the significant interconnection capabilities of our hubs.

Leverage Existing Customer Relationships and Reach New Customers. Our strong customer and industry relationships, combined with our national footprint and sales force, afford us insight into the size, timing and location of customers planned growth. We have historically been successful in leveraging this market visibility to expand our footprint and customer base in existing and new markets. We intend to continue to strengthen our relationship with existing customers, including the pursuit of build-to-suit opportunities, and to expand and diversify our customer base by targeting growing enterprise customers and segments, such as healthcare, financial services, media and entertainment companies, and local, state and federal governments and agencies.

Summary Risk Factors

An investment in our common stock involves significant risks. You should carefully consider the matters discussed in the section Risk Factors beginning on page 18 prior to deciding whether to invest in our common stock. These risks include, but are not limited to, the following:

- Our portfolio of properties consists primarily of data centers geographically concentrated in certain markets and any adverse developments in local economic conditions or the demand for data center space in these markets may negatively impact our operating results;

- We have experienced significant losses and we cannot assure you that we will achieve profitability;

- We face significant competition and may be unable to lease vacant space, renew existing leases or release space as leases expire, which may have a material adverse effect on our business and results of operations;

- Our success depends on key personnel whose continued service is not guaranteed and we may not be able to retain or attract knowledgeable, experienced and qualified personnel;

We are continuing to invest in our expansion efforts, but we may not have sufficient customer demand in the future to realize expected returns on these investments;

Any failure of our physical infrastructure or services could lead to significant costs and disruptions that could reduce our revenues, harm our business reputation and have a material adverse effect on our financial results;

Even if we have additional space available for lease at any one of our data centers, our ability to lease this space to existing or new customers could be constrained by our access to sufficient electrical power;

To fund our growth strategy and refinance our indebtedness, we depend on external sources of capital, which may not be available to us on commercially reasonable terms or at all;

If our properties do not generate sufficient cash flow, we may be required to fund distributions from working capital, borrowings under our new revolving credit facility, proceeds from this offering, the sale of assets or by obtaining other debt or equity financing, pay dividends in the form of taxable stock dividends or reduce expected distributions, any of which could have a material adverse effect on the price of our common stock.

Our expenses may not decrease if our revenue decreases;

Illiquidity of real estate investments, particularly our data centers, could significantly impede our ability to respond to adverse changes in the performance of our properties, which could harm our financial condition;

While the Carlyle real estate funds and their affiliates will not control our company following the completion of this offering, they will own a majority of our operating partnership and have the right initially to nominate two directors, and their interests may differ from or conflict with the interests of our stockholders; and

Failure to qualify as a REIT would have material adverse consequences to us and the value of our stock.

The Financing Transactions

Prior to the completion of this offering, we expect to assume and, in one case, refinance certain loans currently held by the entities contributing the 427 S. LaSalle property, 55 S. Market property and 12100 Sunrise Valley property to our portfolio in connection with the Restructuring Transactions. We expect to obtain lender consent to assume a total of $40.0 million of debt under three loans secured by our 427 S. LaSalle property. These loans on 427 S. LaSalle mature in March 2011. We have one 12-month option to extend each of these loans to March 2012 and there are no performance tests or conditions outside of our control to exercise these extension options. We also expect to obtain lender consent to assume a $32.0 million construction loan on our 12100 Sunrise Valley property due June 2013, of which $24.9 million was outstanding as of June 30, 2010. Concurrently with the completion of this offering, we expect to refinance the existing $73.0 million of debt secured by the 55 S. Market property with a new $60.0 million mortgage, which will have a term of not less than two years. We plan to repay the remaining $13.0 million of the existing loan with the proceeds from this offering. Additionally, concurrently with the completion of this offering, we will enter into a new $110.0 million revolving credit facility. We refer to these transactions, together with this offering, as the Financing Transactions. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

The Restructuring Transactions

Immediately prior to the completion of the initial public offering of our common stock, we will enter into a series of transactions with the Carlyle real estate funds or their affiliates to create our new organizational structure. In connection with this restructuring, all of the property and non-cash assets that will be used in the operation of our company s business will be contributed to our operating partnership. While all of these properties and assets have been operated under common management and the CoreSite brand, they have been owned by different entities affiliated with the Carlyle real estate funds since they were initially acquired or developed by the Carlyle real estate funds or their affiliates. Prior to the Restructuring Transactions, each of the properties or leasehold interests that will comprise our portfolio, as well as the other assets used by us to manage the portfolio, were held in separate partnerships or limited liability companies each of which was formed by one or more of the Carlyle real estate funds or their affiliates for the purpose of acquiring, holding and operating these properties or assets. These partnerships or limited liability companies were held by the applicable real estate fund through one or more holding companies the sole purpose of which was to hold such interest or to obtain related financing. In order to simplify the organizational structure of our company following our initial public offering, certain of the holding companies will be liquidated or merged prior to the contribution in connection with the Restructuring Transactions. Although our portfolio has been owned by various Carlyle real estate funds or their affiliates, all of our data centers have been managed by our management team.

In the Restructuring Transactions, and prior to the completion of the offering, the Carlyle real estate funds or their affiliates will contribute 100% of their ownership interests in the entities that, directly or indirectly, own or lease all of the properties that comprise our portfolio and all the other non-cash assets used in our business. The aggregate undepreciated book value plus construction in progress of the contributed properties was $542.8 million as of December 31, 2009. In exchange for this contribution, our operating partnership will issue to the Carlyle real estate funds or their affiliates operating partnership units in the aggregate having a total value of $ million, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions). Of these operating partnership units, approximately %, or $ million in value, will be issued to our Predecessor and %, or $ million in value, will be issued to the entities contributing our Acquired Properties, in each case, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions).

Concurrently with the completion of this offering, we will use a portion of the cash proceeds to purchase from the Carlyle real estate funds and their affiliates operating partnership units in the aggregate, at a price per unit equal to the initial public offering price per share for our common stock (less underwriting discounts and commissions) for an aggregate purchase price of $, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions). Our Predecessor will sell operating partnership units to us for an aggregate purchase price of $, and the entities that contributed our Acquired Properties will sell operating partnership units to us for an aggregate purchase price of $, in each case, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions). We will also purchase an additional newly-issued operating partnership units from our operating partnership for $, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions). Following our purchase of the units from the Carlyle real estate funds and their affiliates and the newly-issued operating partnership units from our operating partnership, we will own % of the operating partnership units then outstanding.

Upon completion of this offering, the Carlyle real estate funds and their affiliates will have received aggregate consideration with a value of $ million, consisting of $ million in cash and $ million in operating partnership units. Following our purchase of these units, the Carlyle real estate funds or their affiliates will have an aggregate beneficial ownership interest in our operating partnership of approximately %, which, if exchanged for our common stock, would represent an approximately % interest in our common stock, with % being held by our Predecessor and % being held by the entities contributing our Acquired Properties. In the event that the underwriters of the offering exercise their over-allotment option in full, we will purchase from the Carlyle real estate funds or their affiliates an aggregate of of these operating partnership units for an aggregate purchase price of $, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions), and we will purchase from our operating partnership an additional newly-issued operating partnership units for $, at the same price per unit. Following such purchases, we and the Carlyle real estate funds and their affiliates would own % and % of the operating partnership units then outstanding, respectively.

The Restructuring Transactions are being undertaken in manner described, instead of simply causing the operating partnership to deliver a combination of cash and operating partnership units to the Carlyle real estate funds or their affiliates in exchange for their contributions to our operating partnership because prior to the completion of this offering, neither we nor our operating partnership will have cash available to fund such a transaction. As a result, we determined that undertaking the Restructuring Transactions in the manner described is the simplest and most direct way to accomplish our desired post-offering structure.

Additionally, concurrently with the completion of this offering, we will issue shares to certain members of our management and our operating partnership will issue operating partnership units to

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certain other members of our management, in each case, in exchange for previously issued profits interests under our profits interest incentive program, or PIP. All previously issued profits interest awards under the PIP will be exchanged for operating partnership units or shares of our common stock in connection with the completion of the Restructuring Transactions and our initial public offering. Following the completion of our initial public offering, all future equity incentive awards will be granted under our 2010 Equity Incentive Plan. See Management Executive Officer Compensation Compensation Discussion and Analysis Elements of 2009 Compensation.

As a result of the Restructuring Transactions, after the completion of this offering, substantially all of our assets will be held by, and our operations conducted through, CoreSite, L.P. and its subsidiaries. We intend to elect to be taxed and to operate in a manner that will allow us to qualify as a REIT for federal income tax purposes beginning with our tax year ending December 31, 2010. Substantially all of our interconnection services will be provided by CoreSite Services, Inc., our taxable REIT subsidiary, a wholly owned subsidiary of our operating partnership. We will control CoreSite, L.P. as general partner and as the owner of approximately % of the interests in our operating partnership. Our primary asset will be our general and limited partner interests in our operating partnership.

Our Structure

The following diagram summarizes our ownership structure upon completion of this offering and the completion of the Restructuring Transactions (assuming no exercise by the underwriters of their over-allotment option). Our operating partnership will indirectly own 100% of the various properties depicted below.

(1) Reflects the issuance of shares of our common stock to employees (none of whom are executive officers) concurrently with the completion of this offering in exchange for profits interests previously granted under our profits interest incentive plan. Also reflects awards of shares of restricted stock in the aggregate under our 2010 Equity Incentive

Plan to each of our executive officers and other employees in connection with the completion of this offering, based on an initial public offering price of $ per share, the midpoint of the range set forth on the cover of this prospectus.

(2) Reflects the purchase by us of operating partnership units from our operating partnership and operating partnership units from the Carlyle real estate funds and their affiliates concurrently with the completion of this offering and the Restructuring Transactions.

(3) Reflects operating partnership units acquired by the Carlyle real estate funds and their affiliates in consideration of the contributions by such entities to our operating partnership in the Restructuring Transactions after giving effect to our purchase of of such operating partnership units as described in note (2) concurrently with the completion of this offering.

(4) Reflects operating partnership units issued to each of our executive officers (other than Messrs. Ray, Bair, Price and Sistek) and operating partnership units issued to employees (none of whom are executive officers), in each case, in exchange for profits interests previously granted under our profits interest incentive plan concurrently with the completion of this offering.

Material Benefits to Related Parties

Upon completion of this offering and the Restructuring Transactions, the Carlyle real estate funds or their affiliates, our executive officers and members of our Board of Directors will receive material financial and other benefits, as described below. For a more detailed discussion of these benefits see Management and Certain Relationships and Related Party Transactions.

Partnership Agreement

Concurrently with the completion of this offering, we will enter into a partnership agreement with the various limited partners of our operating partnership, of which we will be the general partner. Upon completion of this offering and the Restructuring Transactions, the Carlyle real estate funds or their affiliates, will have an aggregate beneficial ownership interest in our operating partnership of approximately % which, if exchanged for our common stock, would represent an approximate % interest in our common stock. The operating partnership agreement will initially grant the Carlyle real estate funds or their affiliates that are contributing properties to our operating partnership the right to nominate two of the seven directors to our Board of Directors. Pursuant to the operating partnership agreement, the Carlyle real estate funds or their affiliates will only be entitled to nominate one director once the number of shares of common stock held by them collectively (assuming all operating partnership units are exchanged into common stock) falls below 50% and shall have no right to nominate directors below a 10% ownership threshold. See Description of the Partnership Agreement of CoreSite, L.P.

Employment Agreement with Thomas M. Ray

On August 1, 2010, Thomas M. Ray, a member of our Board of Directors, and formerly a managing director of The Carlyle Group, resigned from his position at Carlyle and entered into an employment agreement with us to serve exclusively as our President and Chief Executive Officer. Mr. Ray s compensation and the salary of his executive assistant have historically been paid by an affiliate of The Carlyle Group. However, we paid an affiliate of The Carlyle Group $575,000 as partial reimbursement for related services rendered to us by Mr. Ray and his executive assistant during the year ended December 31, 2009 and have paid $287,500 as partial reimbursement for such services during the six months ended June 30, 2010.

Director Compensation

Upon completion of the offering, each of our directors, other than Thomas M. Ray and those directors nominated by the Carlyle real estate funds or their affiliates, will receive, as compensation for their services, restricted stock units relating to our common stock, options and other cash compensation as set forth in Management Compensation of Directors.

Registration Rights

The Carlyle real estate funds or their affiliates will receive registration rights with respect to shares of our common stock that may be issued to them upon the redemption of operating partnership units. See Shares Eligible for Future Sale Registration Rights Agreement.

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Indemnification Agreements

Effective upon completion of this offering, we will enter into an indemnification agreement with each of our executive officers and directors as described in Management Limitation of Liability and Indemnification.

Tax Protection Agreements

We have agreed with each of the Carlyle real estate funds or their affiliates, which have directly or indirectly contributed their interests in the properties in our portfolio to our operating partnership, that if we directly or indirectly sell, convey, transfer or otherwise dispose of all or any portion of these interests in a taxable transaction, we will make an interest-free loan to the contributors in an amount equal to the contributor s tax liabilities, based on an assumed tax rate. Any such loan would be repayable out of the after- tax proceeds (based on an assumed tax rate) of any distribution from the operating partnership to, or any sale of operating partnership units (or common stock issued by us in exchange for such units) by, the recipient of such loan, and would be non-recourse to the borrower other than with respect to such proceeds. These tax protection provisions apply for a period expiring on the earlier of (i) the seventh anniversary of the completion of this offering and (ii) the date on which these contributors (or certain transferees) dispose in certain taxable transactions of 90% of the operating partnership units that were issued to them in connection with the contribution of these properties. See Certain Relationships and Related Party Transactions Tax Protection Agreement.

Letters of Credit

Affiliates of The Carlyle Group caused $19.9 million of letters of credit to be issued under certain of their credit facilities to guarantee payments under mortgages, lease commitments, payments to vendors and construction redevelopment at certain properties in our portfolio. At the completion of the Financing Transactions, these letters of credit will be cancelled.

Distribution Policy and Payment of Distributions

We intend to pay regular quarterly dividends to our stockholders, beginning with a dividend for the period commencing on the completion of this offering and ending on , .

To obtain the favorable tax treatment associated with our qualification as a REIT, commencing with our taxable year ending on December 31, 2010, we will be required to distribute to our stockholders at least 90% of our net taxable income (excluding net capital gains) each year. To the extent that we distribute at least 90% but less than 100% of our net taxable income, we will be subject to tax at ordinary corporate tax rates on the retained portion. As such, commencing with our taxable year ending on December 31, 2010, we intend to distribute to our stockholders each year all or substantially all of our REIT net taxable income. We will not have any substantial REIT net taxable income prior to the closing of this offering. The actual amount, timing and frequency of distributions will be determined by our Board of Directors based upon a variety of factors deemed relevant by our directors, including our results of operations and our debt service obligations. See Dividend Policy.

Restrictions on Transfer

Under the partnership agreement of our operating partnership, holders of operating partnership units will not have the right to tender their units for redemption prior to the first anniversary of the completion of this offering. In addition, subject to certain exceptions, we, our operating partnership and our officers and directors have agreed that for a period of 180 days from the date of this prospectus, and the Carlyle real estate funds or their affiliates that are contributing properties to our operating partnership have agreed for a period of 365 days from the date of this prospectus, that we and they will not, without the prior written consent of the joint book-running managers in this offering, sell, transfer, dispose of, or enter into any transaction that is designed to transfer the economic ownership of, any shares of our common stock, operating partnership units or any other securities that are convertible into or exchangeable for our common stock. See Underwriting.

The foregoing restrictions will not apply to our purchase of operating partnership units from the Carlyle real estate funds or their affiliates in connection with the Restructuring Transactions.

Conflicts of Interest

Following completion of this offering, there will be conflicts of interest with respect to certain transactions between the holders of operating partnership units and our stockholders. In particular, the consummation of certain business combinations, the sale of any properties or a reduction of indebtedness may have different tax consequences to holders of operating partnership units as compared to holders of our common stock, which could make those transactions more or less desirable to the holders of such units. For more information regarding these conflicts of interests, see Certain Relationships and Related Party Transactions and Policies with Respect to Certain Activities.

Restrictions on Ownership of our Stock

Due to limitations on the concentration of ownership of REIT stock imposed by the Internal Revenue Code of 1986, as amended, or the Code, our charter generally prohibits any person or entity (other than a person who or entity that has been granted an exception as described below) from actually or constructively owning more than 9.8% (by value or by number of shares, whichever is more restrictive) of our common stock or more than 9.8% (by value) of our capital stock. We refer to these restrictions as the ownership limits. Our charter permits our Board of Directors to make certain exceptions to these ownership limits, unless it would cause us to fail to qualify as a REIT. We expect that our Board of Directors will grant some or all of the Carlyle real estate funds or their affiliates exceptions from the ownership limits applicable to other holders of our common stock.

Corporate Information

We formed CoreSite Realty Corporation as a Maryland corporation on February 17, 2010, with perpetual existence. We elected to be treated as an S corporation for federal income tax purposes effective as of the date of our incorporation. We will terminate our S corporate status shortly before completion of this offering (ending the S corporation tax year) and intend to qualify as a REIT for federal income tax purposes commencing with our taxable year ending on December 31, 2010. Our corporate offices are located at 1050 17th Street, Suite 800, Denver, CO 80265. Our telephone number is (866) 777-2673. Our website is www.coresite.com. The information contained on, or accessible through, our website is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

THE OFFERING

Common stock offered by us	shares
Common stock to be outstanding after the offering	shares(x)
Common stock and operating partnership units to be outstanding after the offering	shares and operating partnership units(x)(y)
Option to purchase additional shares	We have granted the underwriters an option exercisable for 30 days after the date of this prospectus to purchase, from time to time, in whole or in part, up to additional shares of our common stock from us at the public offering price less underwriting discounts and commissions to cover over-allotments.
Use of proceeds	Based on an assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover of this prospectus, we estimate that we will receive net proceeds from this offering of approximately $ million after deducting underwriting discounts and commissions and offering expenses payable by us. We estimate that we will receive aggregate net proceeds from this offering of $ million. We intend to use the proceeds from the offering (i) to repay approximately $ million of indebtedness, including related fees and expenses; (ii) to purchase operating partnership units from our operating partnership; (iii) to purchase operating partnership units from the Carlyle real estate funds or their affiliates that are contributing properties to our operating partnership and (iv) for related transaction expenses. Our operating partnership intends to use the cash received from our purchase of its operating partnership units to redevelop and develop additional data center space and for general corporate purposes. See Use of Proceeds.
Distribution policy	To obtain the favorable tax treatment associated with our qualification as a REIT, commencing with our taxable year ending on December 31, 2010, we will be required to distribute to our stockholders at least 90% of our net taxable income (excluding capital gains) each year. To the extent that we distribute at least 90% but less than 100% of our net taxable income, we will be subject to tax at ordinary corporate tax rates on the retained portion. As such, commencing with our taxable year ending on December 31, 2010, we intend to generally distribute to our stockholders each year on a regular quarterly basis all or substantially all of our REIT net taxable income. Any payment of cash dividends on our common stock in the future will be at the discretion of our Board of Directors and will depend upon our results of operations, economic conditions and other factors deemed relevant by our Board of Directors. See Dividend Policy.
Proposed New York Stock Exchange symbol	Our common stock has been authorized for listing on the New York Stock Exchange, or NYSE, following the completion of this offering under the symbol COR.

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Risk factors	Investing in our common stock involves certain risks. See the risk factors described under the heading Risk Factors beginning on page 18 of this prospectus and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

(x) Includes (i) shares of common stock to be issued by us to employees (none of whom are executive officers) in connection with the Restructuring Transactions in exchange for profits interests previously granted under our profits interest incentive program and (ii) shares of restricted stock in the aggregate to be issued to each of our executive officers and other employees under our 2010 Equity Incentive Plan in connection with this offering, based on an initial public offering price per share of $, the midpoint of the range set forth on the cover of this prospectus, and excludes (a) up to shares issuable upon exercise of the underwriters over-allotment option, (b) shares issuable upon conversion of outstanding operating partnership units issued to the Carlyle real estate funds and their affiliates in connection with the Restructuring Transactions, (c) operating partnership units to be issued by us to each of our executive officers (other than Messrs. Ray, Bair, Price and Sistek) and operating partnership units issued to employees (none of whom are executive officers), in each case, in exchange for profits interests previously granted under our profits interest incentive program in connection with the Restructuring Transactions and (d) shares available for future issuance under our 2010 Equity Incentive Plan immediately upon completion of this offering.

(y) Includes operating partnership units acquired by the Carlyle real estate funds and their affiliates in consideration of the contributions by such entities to our operating partnership in the Restructuring Transactions after giving effect to our purchase of a portion of such operating partnership units and operating partnership units issued to each of our executive officers (other than Messrs. Ray, Bair, Price and Sistek) and operating partnership units issued to employees (none of whom are executive officers), in each case, concurrently with the completion of this offering in exchange for profits interests previously granted under our profits interest incentive plan, and excludes (a) operating partnership units that we will purchase from the Carlyle real estate funds and their affiliates and (b) operating partnership units that we will purchase from our operating partnership, in each case, concurrently with the completion of this offering and the Restructuring Transactions.

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SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

The following table sets forth summary selected financial data on a historical basis for our accounting predecessor, or our Predecessor. Our Predecessor is comprised of the real estate activities and interconnection services of four of our operating properties, 1656 McCarthy, 32 Avenue of the Americas, 12100 Sunrise Valley and 70 Innerbelt, as well as the Coronado-Stender Business Park, all wholly owned by CRP Fund V Holdings, LLC. As part of our Restructuring Transactions, we will acquire other data center properties and buildings housing office and other space under common management, which we refer to in this prospectus as our Acquired Properties. Our Acquired Properties include our continuing real estate operations at 55 S. Market, One Wilshire, 1275 K Street, 900 N. Alameda, 427 S. LaSalle and 2115 NW 22nd Street, as well as 1050 17th Street, a property we lease for our corporate headquarters, which does not generate operating revenue. For accounting purposes, our Predecessor is considered to be the acquiring entity in the Restructuring Transactions and, accordingly, the acquisition of our Acquired Properties will be recorded at fair value. For more information regarding the Restructuring Transactions, please see Structure and Formation of Our Company.

The summary historical financial information as of December 31, 2009 and 2008 and for each of the years ended December 31, 2009, 2008 and 2007 has been derived from our Predecessor s audited financial statements included elsewhere in this prospectus. The summary historical financial data as of June 30, 2010 and for each of the six months ended June 30, 2010 and 2009 has been derived from our Predecessor s unaudited financial statements included elsewhere in this prospectus. In the opinion of the management of our company, the unaudited interim financial information included herein includes any adjustments (consisting of only normal recurring adjustments) necessary to present fairly the information set forth herein.

The unaudited pro forma condensed consolidated financial data for the year ended December 31, 2009 and the six months ended June 30, 2010 are presented as if the Restructuring Transactions and Financing Transactions had all occurred on June 30, 2010 for the pro forma condensed consolidated balance sheet data and as of January 1, 2009 for the pro forma condensed consolidated statement of operations data. Our pro forma condensed consolidated financial information is not necessarily indicative of what our actual financial position and results of operations would have been as of the date and for the periods indicated, nor does it purport to represent our future financial position or results of operations.

You should read the following summary selected financial data in conjunction with our pro forma financial statements, our Predecessor s historical consolidated and combined financial statements and the related notes thereto, and our Acquired Properties historical combined financial statements and the related notes thereto, along with Management s Discussion and Analysis of Financial Condition and Results of Operations, which are included elsewhere in this prospectus.

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	Six Months Ended June 30,			Year Ended December 31,			
	Pro Forma			Pro Forma			
	Consolidated	Historical Predecessor		Consolidated	Historical Predecessor		
	2010	2010	2009	2009	2009	2008	2007
	(In thousands, except per share data)			(In thousands, except per share data)			
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)			
Statement of Operations Data							
Operating revenues	$ 66,567	$ 21,419	$ 12,362	$ 114,011	$ 28,831	$ 15,581	$ 10,349
Operating expenses:							
Property operating and maintenance	20,742	8,465	6,586	37,466	13,954	11,258	4,451
Management fees to related party		2,295	914		2,244	1,523	363
Real estate taxes and insurance	2,836	812	903	5,730	1,787	2,125	1,015
Depreciation and amortization	18,661	6,948	5,279	41,330	11,193	7,966	3,528
Sales and marketing	1,178	59	63	2,650	135	170	60
General and administrative	12,308	501	633	22,042	1,401	1,325	267
Rent expense	9,411	1,389	1,438	19,206	2,816	2,624	509
Total operating expenses	65,136	20,469	15,816	128,424	33,530	26,991	10,193
Operating income (loss)	1,431	950	(3,454)	(14,413)	(4,699)	(11,410)	156
Other income and expense							
Interest income	4		2	79	3	17	38
Interest expense	(3,841)	(911)	(1,178)	(7,460)	(2,343)	(2,495)	(2,123)
Gain on sale of real estate							4,500
Net income (loss)	(2,406)	39	(4,630)	(21,794)	(7,039)	(13,888)	2,571
Net loss attributable to redeemable noncontrolling interests in operating partnership	(1,521)			(13,774)			
Net income (loss) attributable to controlling interests	$ (885)	$ 39	$ (4,630)	$ (8,020)	$ (7,039)	$ (13,888)	$ 2,571

Pro forma (earning/loss) per share basic and diluted	$	$
Pro forma weighted average common shares - basic and diluted		

	As of June 30, Pro Forma Consolidated 2010	Historical Predecessor 2010	As of December 31, Historical Predecessor 2009	2008	2007
	(In thousands)		(In thousands)		
	(Unaudited)	(Unaudited)			(Unaudited)
Balance Sheet Data					
Net investments in real estate	$ 632,848	$ 250,838	$ 218,055	$ 197,493	$ 151,044
Total assets	960,896	275,896	239,420	213,846	164,762
Mortgages payable	122,919	72,054	62,387	52,530	44,332
Redeemable noncontrolling interests in operating partnership	499,766				
Stockholders and members equity	289,669	188,450	162,338	149,103	107,228

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We consider funds from operations, or FFO, to be a supplemental measure of our performance, which should be considered along with, but not as an alternative to, net income or cash provided by operating activities as a measure of our operating performance. We calculate FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts, or NAREIT. FFO represents net income (loss) (computed in accordance with U.S. generally accepted accounting principles, or GAAP), excluding gains (or losses) from sales of property, real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures.

Our management uses FFO as a supplemental performance measure because, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs.

We offer this measure because we recognize that FFO will be used by investors as a basis to compare our operating performance with that of other REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions, nor the level of capital expenditures and capitalized leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our financial condition and results from operations, the utility of FFO as a measure of our performance is limited. FFO is a non-GAAP measure and should not be considered a measure of liquidity, an alternative to net income, cash provided by operating activities or any other performance measure determined in accordance with GAAP, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or make distributions. In addition, our calculations of FFO are not necessarily comparable to FFO as calculated by other REITs that do not use the same definition or implementation guidelines or interpret the standards differently from us. Investors in our securities should not rely on these measures as a substitute for any GAAP measure, including net income (loss).

The following table is a reconciliation of our pro forma net income (loss) to FFO:

	Six Months Ended June 30,			Year Ended December 31,			
	Pro Forma Consolidated	Historical Predecessor		Pro Forma Consolidated	Historical Predecessor		
	2010	2010	2009	2009	2009	2008	2007
	(In thousands) (Unaudited)				(In thousands) (Unaudited)		
Funds from Operations							
Net income (loss)	$ (2,406)	$ 39	$ (4,630)	$ (21,794)	$ (7,039)	$ (13,888)	$ 2,571
Real estate depreciation and amortization	18,488	6,948	5,279	40,985	11,193	7,966	3,528
Gain on sale of real estate							(4,500)
FFO	**$ 16,082**	**$ 6,987**	**$ 649**	**$ 19,191**	**$ 4,154**	**$ (5,922)**	**$ 1,599**

RISK FACTORS

Investment in our common stock involves risks. In addition to other information contained in this prospectus, you should carefully consider the following risk factors before acquiring shares of our common stock offered by this prospectus. The occurrence of any of the following risks might cause you to lose all or a part of your investment. Some statements in this prospectus, including statements in the following risk factors, constitute forward looking statements. Please refer to the section entitled Forward-Looking Statements.

Risks Related to Our Business and Operations

Our portfolio of properties consists primarily of data centers geographically concentrated in certain markets and any adverse developments in local economic conditions or the demand for data center space in these markets may negatively impact our operating results.

Our portfolio of properties consists primarily of data centers geographically concentrated in Los Angeles, the San Francisco Bay and Northern Virginia areas, Chicago, Boston, New York City and Miami. These markets comprised 36.7%, 31.5%, 12.5%, 7.0%, 6.4%, 4.4% and 1.5%, respectively, of our annualized rent as of June 30, 2010. As such, we are susceptible to local economic conditions and the supply of and demand for data center space in these markets. If there is a downturn in the economy or an oversupply of or decrease in demand for data centers in these markets, our business could be materially adversely affected to a greater extent than if we owned a real estate portfolio that was more diversified in terms of both geography and industry focus.

We have experienced significant losses and we cannot assure you that we will achieve profitability.

For fiscal years 2008 and 2009, our Predecessor on a consolidated and combined basis had net losses of $13.9 million and $7.0 million, respectively. For the six months ended June 30, 2010 our Predecessor had a net income of less than $0.1 million. For the last three fiscal years, the Acquired Properties on a combined basis were only profitable during the six months ended June 30, 2010 and 2009 and for the year ended December 31, 2009, with net income of $4.8 million, $2.7 million and $4.9 million, respectively, and net losses of $7.4 million and $3.7 million for years ended December 31, 2008 and 2007, respectively. On a pro forma condensed consolidated basis, our Predecessor and the Acquired Properties collectively had net loss of $21.8 million and $2.4 million, respectively for the year ended December 31, 2009 and the six months ended June 30, 2010, respectively. Our ability to achieve profitability is dependent upon a number of risks and uncertainties, many of which are beyond our control. We cannot assure you that we will be successful in executing our business strategy and become profitable and our failure to do so could have a material adverse effect on the price of our common stock and our ability to satisfy our obligations, including making payments on our indebtedness. Even if we achieve profitability, given the competitive nature of the industry in which we operate, we may not be able to sustain or increase profitability on a quarterly or annual basis.

We face significant competition and may be unable to lease vacant space, renew existing leases or re-lease space as leases expire, which may have a material adverse effect on our business and results of operations.

We compete with numerous developers, owners and operators of technology-related real estate and data centers, many of which own properties similar to ours in the same markets, including Digital Realty Trust, Inc., Dupont Fabros Technology, Inc., 365 Main Inc., Equinix, Inc., Terremark Worldwide, Inc., Savvis, Inc. and Telx Group, Inc. In addition, we may face competition from new entrants into the data center market. Some of our competitors have significant advantages over us, including greater name recognition, longer operating histories, lower operating costs, pre-existing relationships with current or potential customers, greater financial, marketing and other resources, and access to less expensive power. These advantages could allow our competitors to respond more quickly to strategic opportunities or changes in our industries or markets. If our competitors offer data center space that our existing or potential customers perceive to be superior to ours based on numerous factors, including power, security considerations, location or network connectivity, or if they offer rental rates below our or current market rates, we may lose existing or potential customers, incur costs to improve our properties or be forced reduce our rental rates. This risk is compounded by the fact that a significant percentage of our customer leases expire every year. For example, as of June 30, 2010, leases representing 14.4%, 20.4% and 26.0% of our annualized rent will expire during 2010, 2011 and 2012, respectively. If the rental rates for our properties decrease, our existing customers do not renew their leases or we are unable to lease vacant data center space or re-lease data center space for which leases are scheduled to expire, our business and results of operations could be materially adversely affected.

Our success depends on key personnel whose continued service is not guaranteed and we may not be able to retain or attract knowledgeable, experienced and qualified personnel.

We depend on the efforts of key personnel, particularly Mr. Thomas M. Ray, our President and Chief Executive Officer, and Ms. Deedee Beckman, our Chief Financial Officer. Our reputation and relationships with existing and potential customers, industry personnel and key lenders are the direct result of a significant investment of time and effort by our key personnel to build credibility in a highly specialized industry. Many of our senior executives have extensive experience and strong reputations in the real estate and technology industries, which aid us in capitalizing on strategic opportunities and negotiating with customers. Our Chief Financial Officer, Ms. Deedee Beckman, has indicated to us that for personal reasons she would like to reduce her service to our company to a part-time basis at a reasonable and mutually convenient time. At such future time, Ms. Beckman would voluntarily resign from her position as our Chief Financial Officer. No date has been set for her transition from her current position as Chief Financial Officer, although we have commenced a search to identify a qualified candidate to succeed her in that capacity. Ms. Beckman will continue to serve as our Chief Financial Officer until we find a suitable replacement and, thereafter, for a period of time to assist in the transition process. We and Ms. Beckman have also expressed a mutual desire for her to continue as a permanent part-time employee following this transition. While we believe that we will be able to find suitable replacements for Ms. Beckman and any other key personnel who may depart from time to time, the loss of their services could diminish our business and investment opportunities and our customer, industry and lender relationships, which could have a material adverse effect on our operations.

In addition, our success depends, to a significant degree, on being able to employ and retain personnel who have the expertise required to successfully acquire, develop and operate high-quality data centers. Personnel with these skill sets are in limited supply and in great demand and competition for such expertise is intense. We cannot assure you that we will be able to hire and retain a sufficient number of qualified employees at reasonable compensation levels to support our growth and maintain the high level of quality service our customers expect, and any failure to do so could have a material adverse effect on our business.

We are continuing to invest in our expansion efforts, but we may not have sufficient customer demand in the future to realize expected returns on these investments.

As part of our growth strategy, we intend to commit substantial operational and financial resources to develop new data centers and expand existing ones. However, we typically do not require pre-leasing commitments from customers before we develop or expand a data center, and we may not have sufficient customer demand to support the new data center space when completed. A lack of customer demand for data center space or excess capacity in the data center market could impair our ability to achieve our expected rate of return on our investment, which could have a material adverse effect on our financial condition, operating results and the market price of our common stock.

Any failure of our physical infrastructure or services could lead to significant costs and disruptions that could reduce our revenues, harm our business reputation and have a material adverse effect on our financial results.

Our business depends on providing customers with highly reliable service. We may fail to provide such service as a result of numerous factors, including:

- human error;

power loss;

improper building maintenance by our landlords in the buildings that we lease;

physical or electronic security breaches;

fire, earthquake, hurricane, flood and other natural disasters;

water damage;

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war, terrorism and any related conflicts or similar events worldwide; and

sabotage and vandalism.

Problems at one or more of our data centers, whether or not within our control, could result in service interruptions or equipment damage. We provide service level commitments to substantially all of our customers. As a result, service interruptions or equipment damage in our data centers could result in credits to these customers. In addition, although we have given such credits to our customers in the past, we cannot assure you that our customers will accept these credits as compensation in the future. Service interruptions and equipment failures may also expose us to additional legal liability and damage our brand image and reputation. Significant or frequent service interruptions could cause our customers to terminate or not renew their leases. In addition, we may be unable to attract new customers if we have a reputation for significant or frequent service disruptions in our data centers.

Even if we have additional space available for lease at any one of our data centers, our ability to lease this space to existing or new customers could be constrained by our access to sufficient electrical power.

Our properties have access to a finite amount of power, which limits the extent to which we can lease additional space for use at our data centers. As current and future customers increase their power footprint in our facilities over time, the remaining available power for future customers could limit our ability to increase occupancy rates or network density within our existing facilities.

Furthermore, at certain of our data centers, our aggregate maximum contractual obligation to provide power and cooling to our customers may exceed the physical capacity at such data centers if customers were to quickly increase their demand for power and cooling. If we are not able to increase the available power and/or cooling or move the customer to another location within our data centers with sufficient power and cooling to meet such demand, we could lose the customer as well as have liability under our leases. Any such material loss of customers or material liability could adversely affect our results of operations.

To fund our growth strategy and refinance our indebtedness, we depend on external sources of capital, which may not be available to us on commercially reasonable terms or at all.

In order to maintain our qualification as a REIT, we are required under the Code to distribute at least 90% of our net taxable income annually, determined without regard to the dividends paid deduction and excluding any net capital gains. We will also be subject to income tax at regular corporate rates to the extent that we distribute less than 100% of our net taxable income, including any net capital gains. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, we intend to rely on third-party sources for debt or equity financing to fund our growth strategy. In addition, we may need external sources of capital to refinance our indebtedness at maturity. We may not be able to obtain the financing on favorable terms or at all. Our access to third-party sources of capital depends, in part, on:

general market conditions;

the market s perception of our growth potential;

our then current debt levels;

our historical and expected future earnings, cash flow and cash distributions; and the market price per share of our common stock.

In addition, our ability to access additional capital may be limited by the terms of our existing indebtedness, which restricts our incurrence of additional debt. If we cannot obtain capital when needed, we may not be able to acquire or develop properties when strategic opportunities arise or refinance our debt at maturity, which could have a material adverse effect on our business.

Our expenses may not decrease if our revenue decreases.

Most of the expenses associated with our business, such as debt service payments, real estate, personal and ad valorem taxes, insurance, utilities, employee wages and benefits and corporate expenses are relatively inflexible and do not necessarily decrease in tandem with a reduction in revenue from our business. Our expenses will also be affected by inflationary increases and certain of our costs may exceed the rate of

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inflation in any given period. As a result, we may not be able to fully offset our costs by higher lease rates, which could have a material adverse effect on our results of operations.

We depend on third parties to provide network connectivity within and between certain of our data centers, and any delays or disruptions in this connectivity may adversely affect our operating results and cash flow.

We depend upon carriers and other network providers to deliver network connectivity to customers within our data centers as well as the fiber network interconnection between our data centers. Our hub-and-spoke approach in particular leaves us dependent on these third parties to provide these services between our data centers. We cannot assure you that any network provider will elect to offer its services within new data centers that we develop or that once a network provider has decided to provide connectivity to or between our data centers that it will continue to do so for any period of time. A significant interruption in or loss of these services could impair our ability to attract and retain customers and have a material adverse effect on our business.

Enabling connectivity within and between our data centers requires construction and operation of a sophisticated redundant fiber network. The construction required to connect our data centers is complex and involves factors outside of our control, including the availability of construction resources. If highly reliable connectivity within and between certain of our data centers is not established, is materially delayed, is discontinued or fails, our reputation could be harmed, which could have a material adverse effect on our ability to attract new customers or retain existing ones.

Our data center infrastructure may become obsolete and we may not be able to upgrade our power and cooling systems cost-effectively or at all.

The markets for the data centers that we own and operate, as well as the industries in which our customers operate, are characterized by rapidly changing technology, evolving industry standards, frequent new product introductions and changing customer demands. Our ability to deliver technologically sophisticated power and cooling are significant factors in our customers decisions to rent space in our data centers. Our data center infrastructure may become obsolete due to the development of new systems to deliver power to, or eliminate heat from, the servers and other customer equipment that we house. Additionally, our data center infrastructure could become obsolete as a result of the development of new technology that requires levels of power and cooling that our facilities are not designed to provide. Our power and cooling systems are also difficult and expensive to upgrade. Accordingly, we may not be able to efficiently upgrade or change these systems to meet new demands without incurring significant costs that we may not be able to pass on to our customers. The obsolescence of our power and cooling systems would have a material adverse effect on our business. In addition, evolving customer demand could require services or infrastructure improvements that we do not provide or that would be difficult or expensive for us to provide in our current data centers, and we may be unable to adequately adapt our properties or acquire new properties that can compete successfully. We risk losing customers to our competitors if we are unable to adapt to this rapidly evolving marketplace.

Furthermore, potential future regulations that apply to industries we serve may require customers in those industries to seek specific requirements from their data centers that we are unable to provide. These may include physical security requirements applicable to the defense industry and government contractors and privacy and security regulations applicable to the financial services and health care industries. If such regulations were adopted, we could lose some customers or be unable to attract new customers in certain industries, which would have a material adverse effect on our results of operations.

Potential losses to our properties may not be covered by insurance or may exceed our policy coverage limits.

We do not carry insurance for generally uninsured losses such as loss from riots, war, terrorist attacks or acts of God. The properties in our portfolio located in California are subject to risks from earthquakes and our property in Miami is potentially subject to risks related to tropical storms, hurricanes and floods. Together, these properties represented approximately 69.7% of total annualized rent as of June 30, 2010. While we will carry earthquake, hurricane and flood insurance on our properties, the amount of our insurance coverage may not be sufficient to fully cover such losses. In addition, we may discontinue earthquake, hurricane or flood insurance on some or all of our properties in the future if the cost of premiums for any of these policies exceeds, in our judgment, the value of the coverage relative to the risk of loss.

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If we experience a loss which is uninsured or which exceeds our policy coverage limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

In addition, even if damage to our properties is covered by insurance, a disruption of our business caused by a casualty event may result in the loss of business or customers. We carry a limited amount of business interruption insurance, but such insurance may not fully compensate us for the loss of business or customers due to an interruption caused by a casualty event. See Any failure of our physical infrastructure or services could lead to significant costs and disruptions that could reduce our revenues, harm our business reputation and have a material adverse effect on our financial results.

The recent disruption in the financial markets makes it more difficult to evaluate the stability and net assets or capitalization of insurance companies, and any insurer s ability to meet its claim payment obligations. A failure of an insurance company to make payments to us upon an event of loss covered by an insurance policy could have a material adverse effect on our business and financial condition.

Furthermore, the properties in our portfolio have historically been covered under The Carlyle Group s umbrella insurance policy which covers all of Carlyle s real estate investments. Upon completion of this offering, we will no longer be covered by this umbrella policy. We plan to obtain similar coverage for our portfolio, but because we would no longer have the benefit of the diversification of insured risk under Carlyle s umbrella policy for its entire real estate portfolio, we expect that our insurance premiums will be higher following the completion of this offering and the Restructuring Transactions.

A small number of customers account for a significant portion of our revenues, and the loss of any of these customers could significantly harm our business, financial condition and results of operations.

Our top ten customers accounted for approximately 36.7% of our total annualized rent as of June 30, 2010. During the second quarter of 2010, we expanded our relationship with our largest customer, Facebook, Inc. This customer represented 13.5% of our annualized rent as of June 30, 2010, and we expect that this customer will account for approximately 10% of our pro forma revenues for the year ending December 31, 2010. We currently depend, and expect to continue to depend, upon a relatively small number of customers for a significant percentage of our net revenue. Some of our customers may experience a downturn in their businesses or other factors which may weaken their financial condition and result in them failing to make timely rental payments, defaulting on their leases, reducing the level of interconnection services they obtain or the amount of space they lease from us upon renewal of their leases or terminating their relationship with us. The loss of one or more of our significant customers or a customer exerting significant pricing pressure on us could also have a material adverse effect on our results of operations.

In addition, our largest customers may choose to develop new data centers or expand existing data centers of their own. In the event that any of our key customers were to do so, it could result in a loss of business to us or increase pricing pressure on us. If we lose a customer, there is no guarantee that we would be able to replace that customer at a competitive rate or at all.

Some of our largest customers may also compete with one another in various aspects of their businesses. The competitive pressures on our customers may have a negative impact on our operations. For instance, one customer could determine that it is not in that customer s interest to house mission-critical servers in a facility operated by the same company that relies on a key competitor for a significant part of its annual revenue. Our loss of a large customer for this or any other reason could have a material adverse effect on our results of operations.

We are dependent upon third-party suppliers for power and certain other services, and we are vulnerable to service failures of our third-party suppliers and to price increases by such suppliers.

We rely on third parties to provide power to our data centers, and we cannot ensure that these third parties will deliver such power in adequate quantities or on a consistent basis. If the amount of power available to us is inadequate to support our customer requirements, we may be unable to satisfy our obligations to our customers or grow our business. In addition, our data centers are susceptible to power shortages and planned or unplanned power outages caused by these shortages. While we attempt to limit exposure to power shortages by using backup generators and batteries, power outages may last beyond our backup and alternative power arrangements, which would harm our customers and our business. In the past, a limited number of our customers have experienced temporary losses of power. Pursuant to the terms of some of our customer leases, continuous or chronic power outages may give certain of our tenants the right to terminate their leases or cause us to incur financial obligations in connection with a power loss. In addition, any loss of services or equipment damage could reduce the confidence of our customers in our services thereby impairing our ability to attract and retain customers, which would adversely affect both our ability to generate revenues and our operating results.

In addition, we may be subject to risks and unanticipated costs associated with obtaining power from various utility companies. Municipal utilities in areas experiencing financial distress may increase rates to compensate for financial shortfalls unrelated to either the cost of production or the demand for electricity. Other utilities that serve our data centers may be dependent on, and sensitive to price increases for, a particular type of fuel, such as coal, oil or natural gas. In addition, the price of these fuels and the electricity generated from them could increase as a result of proposed legislative measures related to climate change or efforts to regulate carbon emissions. In any of these cases, increases in the cost of power at any of our data centers would put those locations at a competitive disadvantage relative to data centers served by utilities that can provide less expensive power.

We may be unable to identify and complete acquisitions and successfully operate acquired properties.

We continually evaluate the market for available properties and may acquire data centers or properties suited for data center development when opportunities exist. Our ability to acquire properties on favorable terms and successfully develop and operate them involves significant risks including, but not limited to:

- we may be unable to acquire a desired property because of competition from other data center companies or real estate investors with more capital;
- even if we are able to acquire a desired property, competition from other potential acquirors may significantly increase the purchase price of such property;
- we may be unable to realize the intended benefits from acquisitions or achieve anticipated operating or financial results;
- we may be unable to finance the acquisition on favorable terms or at all;
- we may underestimate the costs to make necessary improvements to acquired properties;
- we may be unable to quickly and efficiently integrate new acquisitions into our existing operations resulting in disruptions to our operations or the diversion of our management s attention;
- acquired properties may be subject to reassessment, which may result in higher than expected tax payments;
- we may not be able to access sufficient power on favorable terms or at all; and
- market conditions may result in higher than expected vacancy rates and lower than expected rental rates.

In the past we have acquired properties that did not perform up to our expectations and there can be no assurance that this will not happen again. If we are unable to successfully acquire, redevelop, develop and operate data center properties, our ability to grow our business, compete and meet market expectations will be significantly impaired, which would have a material adverse effect on the price of our common stock.

We may be subject to unknown or contingent liabilities related to properties or businesses that we acquire for which we may have limited or no recourse against the sellers.

Assets and entities that we have acquired or may acquire in the future, including the properties contributed by the Carlyle real estate funds or their affiliates, may be subject to unknown or contingent liabilities for which we may have limited or no recourse against the sellers. Unknown or contingent liabilities might include liabilities for clean-up or remediation of environmental conditions, claims of customers, vendors or other persons dealing with the acquired entities, tax liabilities and other liabilities whether incurred in the ordinary course of business or otherwise. In the future we may enter into transactions with limited representations and warranties or with representations and warranties that do not survive the closing of the transactions, in which event we would have no or limited recourse against the sellers of such properties. While we usually require the sellers to indemnify us with respect to breaches of representations and warranties that survive, such indemnification (including the indemnification by the Carlyle real estate funds or their affiliates) is often limited and subject to various materiality thresholds, a significant deductible or an aggregate cap on losses.

For example, under the contribution agreement pursuant to which the Carlyle real estate funds or their affiliates are contributing the properties that will comprise our portfolio to the operating partnership, each of the Carlyle real estate funds or their affiliates will make certain representations and warranties as to certain material matters related to the property being contributed by such fund or affiliate such as title to any owned property, compliance with laws (including environmental laws) and the enforceability of certain material customer contracts and leases. In the event that such representations and warranties are not true and correct when made and as of the date the offering is priced, the party that contributed the property to which such losses relate will indemnify the operating partnership for any resulting losses, but only to the extent the amount of losses exceeds 1% of the aggregate value of the operating partnership units received by all of the Carlyle funds or their affiliates (based upon the initial offering price) and provided that the liability of each contributor will be limited to 10% of the value of the operating partnership units (based upon the initial offering price) received by such contributor (adjusted for any operating partnership units purchased by us from the Carlyle real estate funds or their affiliates at closing) in connection with the Restructuring Transactions, and, with respect to any liability that arises from a specific contributed property, the indemnification by such Carlyle real estate fund or its affiliate will be limited to 10% of the value of the operating partnership units issued in respect of such contributed property. As a result, we will be solely responsible and will not be able to seek indemnification from the Carlyle real estate funds or their affiliates to the extent that any losses do not meet this minimum threshold amount or exceed the maximum threshold amount. In addition, the representations and warranties made by the Carlyle real estate funds or their affiliates will only survive for a period of one year after the completion of this offering and in the event that we do not become aware of a breach until after the end of such period or if we otherwise fail to assert a claim prior to such date, we will have no further recourse against the contributors.

As a result, there is no guarantee that we will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that we may incur with respect to liabilities associated with acquired properties and entities may exceed our expectations, which may adversely affect our operating results and financial condition. Finally, indemnification agreements between us and the sellers typically provide that the sellers will retain certain specified liabilities relating to the assets and entities acquired by us. While the sellers are generally contractually obligated to pay all losses and other expenses relating to such retained liabilities, there can be no guarantee that such arrangements will not require us to incur losses or other expenses as well.

Our growth depends on the successful redevelopment and development of our properties and any delays or unexpected costs associated with such projects may harm our growth prospects, future operating results and financial condition.

As of June 30, 2010, we had the ability to expand our operating data center square footage by 865,621 NRSF by redeveloping 419,371 NRSF of vacant space and developing up to 446,250 NRSF of new data center space on land we currently own. Our growth depends upon the successful completion of the redevelopment and development of this space and similar projects in the future. Current and future redevelopment and development projects will involve substantial planning, allocation of significant company resources and certain risks, including risks related to financing, zoning, regulatory approvals, construction costs and delays. These projects will also require us to carefully select and rely on the experience of one or more general contractors and associated subcontractors during the construction process. Should a general contractor or significant subcontractor experience financial or other problems during the construction process, we could experience significant delays, increased costs to complete the project and other negative impacts to our expected returns.

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Site selection is also a critical factor in our expansion plans, and there may not be suitable properties available in our markets at a location that is attractive to our customers and has the necessary combination of access to multiple network providers, a significant supply of electrical power, high ceilings and the ability to sustain heavy floor loading. Furthermore, while we may prefer to locate new data centers adjacent to our existing data centers, we may be limited by the inventory and location of suitable properties.

In addition, we will be subject to risks and, potentially, unanticipated costs associated with obtaining access to a sufficient amount of power from local utilities, including the need, in some cases, to develop utility substations on our properties in order to accommodate our power needs, constraints on the amount of electricity that a particular locality s power grid is capable of providing at any given time, and risks associated with the negotiation of long-term power contracts with utility providers. We cannot assure you that we will be able to successfully negotiate such contracts on acceptable terms or at all. Any inability to negotiate utility contracts on a timely basis or on acceptable financial terms or in volumes sufficient to supply the requisite power for our development properties would have a material negative impact on our growth and future results of operations and financial condition.

These and other risks could result in delays or increased costs or prevent the completion of our redevelopment and development projects, any of which could have a material adverse effect on our financial condition, results of operations, cash flow, the trading price of our common stock and our ability to satisfy our debt service obligations or pay dividends.

We do not own all of the buildings in which our data centers are located. Instead, we lease certain of our data center space and the ability to renew these leases could be a significant risk to our ongoing operations.

We do not own the buildings for three of our data centers and our business could be harmed if we are unable to renew the leases for these data centers at favorable terms or at all. The following table summarizes the remaining primary term and renewal rights associated with each of our leased properties:

Property	Current Lease Term Expiration	Renewal Rights	Base Rent Increases at Renewal(1)
32 Avenue of the Americas	Apr. 2023	2 x 5 yrs	FMR
One Wilshire	July 2017	3 x 5 yrs	103% of previous monthly base rent
1275 K Street	May 2016	3 x 5 yrs	Greater of 103% of previous monthly base rent or 95% of FMR

(1) FMR represents fair market rent as determined by mutual agreement between landlord and tenant, or in the case of a disagreement, mutual agreement by third party appraisers.

When the primary term of our leases expire, we have the right to extend the terms of our leases as indicated above. For two of these leases, the rent will be determined based on the fair market value of rental rates for this property and the then prevailing rental rates may be higher than rental rates under the applicable lease. To maintain the operating profitability associated with our present cost structure, we must increase revenues within existing data centers to offset the anticipated increase in lease payments at the end of the original and renewal terms. Failure to increase revenues to sufficiently offset these projected higher costs would adversely impact our operating income. Upon the end of our renewal options, we would have to renegotiate our lease terms with the landlord.

If we are not able to renew the lease at any of our data centers, the costs of relocating the equipment in such data centers and redeveloping a new location into a high-quality data center could be prohibitive. In addition, we could lose customers due to the disruptions in their operations caused by the relocation. We could also lose those customers that choose our data centers based on their locations.

Our level of indebtedness and debt service obligations could have adverse effects on our business.

As of June 30, 2010, after giving pro forma effect to the Financing Transactions, we would have had a total combined indebtedness of approximately $124.9 million (excluding a $2.0 million fair value of debt adjustment resulting from the Restructuring Transactions), all of which would have been secured indebtedness. We also expect to have the ability to borrow up to an additional $ million under our new $110.0 million revolving credit facility, subject to satisfying certain financial tests, all of which if incurred will be secured indebtedness. Upon completion of this offering, there will be no limits on the amount of indebtedness we may incur other than limits contained in our revolving credit facility, mortgage loans or future agreements that we may enter into or

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as may be set forth in any policy limiting the amount of indebtedness we may incur adopted by our Board of Directors. A substantial level of indebtedness could have adverse consequences for our business, results of operations and financial condition because it could, among other things:

- require us to dedicate a substantial portion of our cash flow from operations to make principal and interest payments on our indebtedness, thereby reducing our cash flow available to fund working capital, capital expenditures and other general corporate purposes, including to pay dividends on our common stock as currently contemplated or necessary to maintain our qualification as a REIT;
- make it more difficult for us to satisfy our financial obligations, including borrowings under our new revolving credit facility;
- increase our vulnerability to general adverse economic and industry conditions;
- expose us to increases in interest rates for our variable rate debt;
- limit our ability to borrow additional funds on favorable terms or at all to expand our business or ease liquidity constraints;
- limit our ability to refinance all or a portion of our indebtedness on or before maturity on the same or more favorable terms or at all;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- place us at a competitive disadvantage relative to competitors that have less indebtedness; and
- require us to dispose of one or more of our properties at disadvantageous prices or raise equity that may dilute the value of our common stock in order to service our indebtedness or to raise funds to pay such indebtedness at maturity.

The agreements governing our indebtedness place restrictions on us and our subsidiaries, reducing operational flexibility and creating default risks.

The agreements governing our indebtedness contain covenants that place restrictions on us and our subsidiaries. These covenants may restrict, among other things, our and our subsidiaries ability to:

- merge, consolidate or transfer all or substantially all of our or our subsidiaries assets;
- incur additional debt or issue preferred stock;
- make certain investments or acquisitions;
- create liens on our or our subsidiaries assets;
- sell assets;
- make capital expenditures;
- pay dividends on or repurchase our capital stock;

enter into transactions with affiliates;

issue or sell stock of our subsidiaries; and

change the nature of our business.

These covenants could impair our ability to grow our business, take advantage of attractive business opportunities or successfully compete. In addition, our new revolving credit facility will require us to maintain specified financial ratios and satisfy financial condition tests. Our ability to comply with these ratios or tests may be affected by events beyond our control, including prevailing economic, financial and industry conditions. A breach of any of these covenants or covenants under any other agreements governing our indebtedness could result in an event of default. Cross-default provisions in our debt agreements could cause an event of default under one debt agreement to trigger an event of default under our other debt agreements. Upon the occurrence of an event of default under any of our debt agreements, the lenders could elect to declare all outstanding debt under such agreements to be immediately due and payable. If we were unable to repay or refinance the accelerated debt, the lenders could proceed against any assets pledged to secure that debt, including foreclosing on or requiring the sale of our data centers, and our assets may not be sufficient to repay such debt in full.

Mortgage debt obligations expose us to the possibility of foreclosure, which could result in the loss of our investment in any property subject to mortgage debt.

Following the Restructuring Transactions and Financing Transactions, we expect that our 427 S. LaSalle property will be subject to $40.0 million of secured indebtedness, our 55 S. Market property will be subject to a $60.0 million mortgage loan and our 12100 Sunrise Valley property will be subject to a $32.0 million secured construction loan, of which $24.9 million was outstanding as of June 30, 2010. In addition, borrowings under our new revolving credit facility will be secured by a lien on certain of our properties. Incurring mortgage and other secured debt obligations increases our risk of property losses because defaults on secured indebtedness may result in foreclosure actions initiated by lenders and ultimately our loss of the property securing any loans for which we are in default. For tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code. As we execute our business plan, we may assume or incur new mortgage indebtedness on our existing properties or properties that we acquire in the future. Any default under any one of our mortgage debt obligations may increase the risk of our default on our other indebtedness.

Our failure to develop and maintain a diverse customer base could harm our business and adversely affect our results of operations.

Our ability to increase occupancy rates in our data centers and grow our business is, in part, dependent upon our ability to market our data center space to a diverse customer base. A more diverse customer base in our data centers creates more networking interconnection opportunities that are valued by our customers, which we believe has generated and will continue to generate incremental revenues in the long-term. Attracting and retaining this diverse customer base will depend on many factors, including the density of interconnection, the operating reliability and security of our data centers, and our ability to market our services effectively across different customer segments. If we fail to maintain a diverse customer base, our business and results of operations may be adversely affected.

Certain of the properties in our portfolio have been owned or operated for a limited period of time, and we may not be aware of characteristics or deficiencies involving any one or all of them.

As of June 30, 2010, our portfolio of properties consisted of 11 operating data center facilities, one data center under construction and one development site. Nine of the properties being contributed to our portfolio were acquired or developed by the Carlyle real estate funds or their affiliates less than four years prior to the date of this offering, including one facility, 2901 Coronado, which was completed during the second quarter of 2010. Because these properties have been in operation for a relatively short period of time, we may be unaware of characteristics of or deficiencies in such properties that could adversely affect their valuation or revenue potential and such properties may not ultimately perform up to our expectations.

We have not obtained third-party appraisals to establish the amount of operating partnership units to be issued in exchange for the properties to be contributed to our operating partnership in connection with the Restructuring Transactions and the operating partnership units issued by our operating partnership in exchange for these properties may exceed their fair market values.

The initial public offering price of our common stock will be determined in consultation with the underwriters and based on a number of factors, including our results of operations, management, estimated net income, estimated funds from operations, estimated cash available for distribution, anticipated dividend yield and growth prospects, the current market valuations, financial performance and dividend yields of publicly traded companies considered to be comparable to us and the current state of the data center industry and the economy as a whole, as well as market demand for this offering. As a result, the initial public offering price does not necessarily bear any relationship to our book value, the fair market value of our assets or the appraised value of our properties. Consequently, the operating partnership units received by the Carlyle real estate funds or their affiliates, if valued on an as exchanged basis for shares of our common stock at the per share price set forth on the cover of this prospectus, may exceed the fair market value or the appraised value

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of the properties contributed for such units and the aggregate value of our common stock at the initial offering price plus the aggregate amount of our debt may exceed the aggregate appraised values of our properties.

Although we have obtained preliminary appraisals of each of the Acquired Properties in connection with the preparation of our pro forma condensed consolidated financial statements included elsewhere in this prospectus, such appraisals did not cover the properties of our Predecessor, do not accurately reflect the value of our company as a whole and the assumptions, judgments and methodologies used in connection with these appraisals may be different than those used by investors in our common stock. Additionally, while the entities contributing the properties to our operating partnership in connection with the Restructuring Transactions obtained a third party opinion from an independent financial advisor regarding the fairness to each of these entities, from a financial point of view, of the allocation of the operating partnership units as among these entities to be received in consideration for the property or properties contributed by each such entity based on estimated valuations of the properties held by each fund, which valuations were obtained solely for the purpose of allocating the operating partnership units as among these entities. Further, the independent financial advisor used a variety of customary valuation methodologies and certain assumptions and judgments to determine a range of valuations of the individual properties and no related appraisal or physical inspection of the properties was conducted and no attempt was made to value the properties as a single operating company. Accordingly, the assumptions, judgments and methodologies used in connection with these valuations may also be different than those used by public stockholders in assessing the value of our company taken as a whole. In addition, while our lenders have conducted appraisals of some of our properties in connection with determining for loan purposes whether the collateral value is sufficient to support the amount of the loans, we have not obtained or reviewed copies of such appraisals.

We may be vulnerable to security breaches which could disrupt our operations and have a material adverse effect on our financial performance and operating results.

A party who is able to compromise the security measures on our networks or the security of our infrastructure could misappropriate our proprietary information and the personal information of our customers, and cause interruptions or malfunctions in our or our customers operations. We may be required to expend significant financial resources to protect against such threats or to alleviate problems caused by security breaches. As techniques used to breach security change frequently and are generally not recognized until launched against a target, we may not be able to implement security measures in a timely manner or, if and when implemented, these measures could be circumvented. Any breaches that may occur could expose us to increased risk of lawsuits, loss of existing or potential customers, harm to our reputation and increases in our security costs, which could have a material adverse effect on our financial performance and operating results.

Our tax protection agreements could limit our ability to sell or otherwise dispose of certain properties.

We have agreed with each of the Carlyle real estate funds or their affiliates which have directly or indirectly contributed their interests in the properties in our portfolio to our operating partnership that if we directly or indirectly sell, convey, transfer or otherwise dispose of all or any portion of these interests in a taxable transaction, we will make an interest-free loan to the contributors in an amount equal to the contributor s tax liabilities, based on an assumed tax rate. Any such loan would be repayable out of the after tax-proceeds (based on an assumed tax rate) of any distribution from the operating partnership to, or any sale of operating partnership units (or common stock issued by us in exchange for such units) by, the recipient of such loan, and would be non-recourse to the borrower other than with respect to such proceeds. These tax protection provisions apply for a period expiring on the earlier of (i) the seventh anniversary of the completion of this offering and (ii) the date on which these contributors (or certain transferees) dispose in certain taxable transactions of 90% of the operating partnership units that were issued to them in connection with the contribution of these properties. See Certain Relationships and Related Party Transactions Tax Protection Agreement.

Increases in our property and other state and local taxes could adversely affect our ability to make distributions to our stockholders if they cannot be passed on to our customers.

We are subject to a variety of state and local taxes, including real and personal property taxes and sales and use taxes that may increase materially due to factors outside our control. In particular, taxes on our properties may increase as tax rates change and as the properties are assessed or reassessed by taxing

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authorities. We have been notified by local taxing authorities that the assessed value of certain of our properties have increased. We plan to appeal these increased assessments, but we may not be successful in our efforts. Furthermore, some of our properties may be reassessed retroactively to the date we or the Carlyle real estate funds acquired the property, which could require us to make cumulative payments for multiple years. Our leases with our customers generally do not allow us to increase their rent as a result of an increase in property or other taxes. If property or other taxes increase and we cannot pass these increases on to our customers through increased rent for new leases or upon lease renewals, our result of operations, cash flow and ability to make distributions to our stockholders would be adversely affected.

Risks Related to the Real Estate Industry

Illiquidity of real estate investments, particularly our data centers, could significantly impede our ability to respond to adverse changes in the performance of our properties, which could harm our financial condition.

Because real estate investments are relatively illiquid, our ability to promptly sell one or more properties in our portfolio in response to adverse changes in the real estate market or in the performance of such properties may be limited, thus harming our financial condition. The real estate market is affected by many factors that are beyond our control, including:

- adverse changes in national and local economic and market conditions;
- changes in interest rates and in the availability, cost and terms of debt financing;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and costs of compliance therewith;
- the ongoing cost of capital improvements that are not passed onto our customers, particularly in older structures;
- changes in operating expenses; and
- civil unrest, acts of war, terrorist attacks and natural disasters, including earthquakes and floods, which may result in uninsured and underinsured losses.

The risks associated with the illiquidity of real estate investments are even greater for our data center properties. Our data centers are highly specialized real estate assets containing extensive electrical and mechanical systems that are uniquely designed to house and maintain our customers   equipment, and, as such, have little, if any, traditional office space. As a result, most of our data centers are not suited for use by customers as anything other than as data centers and major renovations and expenditures would be required in order for us to re-lease data center space for more traditional commercial or industrial uses, or for us to sell a property to a buyer for use other than as a data center.

Environmental problems are possible and can be costly.

Environmental liabilities could arise and have a material adverse effect on our financial condition and performance. Federal, state and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real estate to investigate and remediate hazardous or toxic substances or petroleum product releases at or from the property. In addition, we could incur costs to comply with such laws and regulations, the violation of which could lead to substantial fines and penalties.

We may have to pay governmental entities or third parties for property damage and for investigation and remediation costs that they incurred in connection with any contamination at our current and former properties without regard to whether we knew of or caused the presence of the contaminants. Even if more than one person may have been responsible for the contamination, each person covered by these environmental laws may be held responsible for all of the clean-up costs incurred.

Some of our properties contain or may contain asbestos-containing building materials. Environmental laws may impose fines and penalties on building owners or operators who fail to properly manage and maintain these materials, notify and train persons who may come into contact with asbestos and undertake special precautions, and third parties could potentially seek recovery from owners or operators for any personal injury associated with exposure to asbestos-containing building materials.

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Some of our properties may also contain or develop harmful mold or suffer from other air quality issues. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our customers, employees of our customers and others if property damage or health concerns arise.

We may be adversely affected by regulations related to climate change.

Climate change regulation is a rapidly developing area. Congress is currently considering new laws relating to climate change, including potential cap-and-trade systems, carbon taxes, and other requirements relating to reduction of carbon footprints and/or greenhouse gas emissions. Other countries have enacted climate change laws and regulations, and the United States has been involved in discussions regarding international climate change treaties. The U.S. Environmental Protection Agency, or EPA, and some of the states and localities in which we operate, have also enacted certain climate change laws and regulations, and/or have begun regulating carbon footprints and greenhouse gas emissions. Although these laws and regulations have not had an adverse effect on our business to date, they could limit our ability to develop new facilities or result in substantial compliance costs, retrofit costs and construction costs, including capital expenditures for environmental control facilities and other new equipment. We could also face a negative impact on our reputation with the public if we violate climate change laws or regulations.

If we do not obtain approval under The California Environmental Quality Act, or CEQA, from the City of Santa Clara (either through the adoption of a mitigated negative declaration, or MND, or certification of an environmental impact report, or EIR), we will be unable to develop the Coronado-Stender Business Park beyond the current permitted 179,600 NRSF of data center space, which could have a material adverse effect on our business and results of operations.

An initial study and MND are currently being prepared by the City of Santa Clara in connection with our proposed development plan for the Coronado-Stender Business Park. The MND, if adopted, would determine that the proposed development, as mitigated, will not have a significant impact on the environment. If the City of Santa Clara does not adopt the MND or certify an EIR for the project, we would only be able to develop the currently permitted additional 179,600 NRSF of data center space at this property as compared to up to 446,250 NRSF of additional data center space at the Coronado-Stender Business Park if the MND is adopted. The MND is subject to public-review and public-hearing processes at the City of Santa Clara.

Based on statements from representatives of the City of Santa Clara, we currently anticipate that the MND will be adopted prior to December 31, 2010. However, we cannot assure you that adoption will occur within the anticipated time frame or that we will receive any entitlement to construct more than the 176,600 NRSF currently on the site.

Risks Related to Our Organizational Structure

Our Board of Directors may change our major corporate, investment and financing policies without stockholder approval and those changes may adversely affect our business.

Our Board of Directors will determine our major corporate policies, including our acquisition, investment, financing, growth, operations and distribution policies and whether to maintain our status as a REIT. In particular, we anticipate that our Board of Directors will adopt a policy of limiting the amount of indebtedness we incur. However, our organizational documents do not limit the amount or percentage of indebtedness, funded or otherwise, that we may incur. Our Board of Directors may alter or eliminate our current corporate policies, including our policy on borrowing at any time without stockholder approval. Accordingly, while our stockholders have the power to elect or remove directors, our stockholders will have limited direct control over changes in our policies and those changes could adversely affect our business, financial condition, results of operations, the market price of our common stock and our ability to make distributions to our stockholders.

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While the Carlyle real estate funds and their affiliates will not control our company following the completion of this offering, they will own a majority of our operating partnership and have the right initially to nominate two directors, and their interests may differ from or conflict with the interests of our stockholders.

Upon completion of this offering, the Carlyle real estate funds or their affiliates will have an aggregate beneficial ownership interest in our operating partnership of approximately % which, if exchanged for our common stock, would represent an approximately % interest in our common stock. In addition, the operating partnership agreement will initially grant the Carlyle real estate funds and their affiliates the right to initially nominate two of the seven directors to our Board of Directors. See Description of the Partnership Agreement of CoreSite, L.P.

As a result, the Carlyle real estate funds or their affiliates will have the ability to exercise substantial influence over our company, including with respect to decisions relating to our capital structure, issuing additional shares of our common stock or other equity securities, paying dividends, incurring additional debt, making acquisitions, selling properties or other assets, merging with other companies and undertaking other extraordinary transactions. In any of these matters, the interests of the Carlyle real estate funds and their affiliates may differ from or conflict with the interests of our other stockholders. In addition, the Carlyle real estate funds or their affiliates are in the business of making investments in companies and may, from time to time, acquire interests in businesses that directly or indirectly compete with our business, as well as businesses that are significant existing or potential customers. The Carlyle real estate funds and their affiliates may acquire or seek to acquire assets that we seek to acquire and, as a result, those acquisition opportunities may not be available to us or may be more expensive for us to pursue.

Our charter and bylaws contain provisions that may delay, defer or prevent an acquisition of our common stock or a change in control, which may be in the best interests of our stockholders.

Our charter and bylaws contain a number of provisions, the exercise or existence of which could delay, defer or prevent a transaction or a change in control that might involve a premium price for our stockholders or otherwise be in their best interests, including the following:

Our Charter Contains Restrictions on the Ownership and Transfer of Our Stock. In order to assist us in complying with the limitations on the concentration of ownership of REIT stock imposed by the Code on REITs, our charter generally prohibits any person or entity (other than a person who or entity that has been granted an exception as described below) from actually or constructively owning more than 9.8% (by value or by number of shares, whichever is more restrictive) of our common stock or more than 9.8% (by value) of our capital stock. The value and number of the outstanding shares of common stock and the value of the outstanding shares of capital stock shall be determined by the Board of Directors in good faith, which shall be conclusive for all purposes. We refer to these restrictions as the ownership limits. Our charter permits our Board of Directors to make certain exceptions to these ownership limits, unless it would cause us to fail to qualify as a REIT. We expect that our Board of Directors will grant some or all of the Carlyle real estate funds or their affiliates exemptions from the ownership limits applicable to other holders of our common stock. Any attempt to own or transfer shares of our capital stock in excess of the ownership limits without the consent of our Board of Directors will result in the automatic transfer of the shares (and all dividends thereon) to a charitable trust. These ownership limitations may prevent a third party from acquiring control of us if our Board of Directors does not grant an exemption from the ownership limitations, even if our stockholders believe the change in control is in their best interests.

Our Charter Grants Our Board of Directors the Right to Classify or Reclassify Any Unissued Shares of Capital Stock, Increase or Decrease the Authorized Number of Shares and Establish the Preference and Rights of Any Preferred Stock without Stockholder Approval. Our charter provides that the total number of shares of stock of all classes that we currently have authority to issue is , initially consisting of shares of common stock and shares of preferred stock. Our Board of Directors has the authority, without a stockholders vote, to classify or reclassify any unissued shares of stock, including common stock into preferred stock or vice versa, to increase or decrease the authorized number of shares of common stock and preferred stock and to establish the

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preferences and rights of any preferred stock or other class or series of shares to be issued. Because the Board of Directors has the power to establish the preferences and rights of additional classes or series of stock without a stockholders vote, our Board of Directors may give the holders of any class or series of stock preferences, powers and rights, including voting rights, senior to the rights of holders of existing stock.

See Description of Securities for additional information on the anti-takeover measures applicable to us.

Certain provisions of Maryland law may limit the ability of a third party to acquire control of us.

Certain provisions of the Maryland General Corporation Law, or MGCL, may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide our common stockholders with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

business combination provisions that, subject to limitations, prohibit certain business combinations between us and an interested stockholder (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding shares of voting stock or an affiliate or associate of the corporation who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding stock of the corporation) or an affiliate of any interested stockholder for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes two super-majority stockholder voting requirements on these combinations; and

control share provisions that provide that control shares of our company (defined as voting shares of stock which, when aggregated with all other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a control share acquisition (defined as the direct or indirect acquisition of ownership or control of control shares) have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all of the votes entitled to be cast on the matter, excluding all interested shares.

We have opted out of these provisions of the MGCL, in the case of the business combination provisions of the MGCL, by resolution of our Board of Directors and, in the case of the control share provisions of the MGCL, by a provision in our bylaws. However, our Board of Directors may elect to opt into these provisions if approved by our stockholders by the affirmative vote of a majority of votes cast and with the consent of the Carlyle real estate funds or their affiliates, provided that the consent of the Carlyle entities will not be required unless, in the case of the control share provisions, such provisions would apply to the Carlyle real estate funds and their affiliates, or in either case at such time they own less than 10% of our outstanding common stock (assuming all operating partnership units are exchanged into common stock).

Additionally, Title 3, Subtitle 8 of the MGCL permits our Board of Directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain takeover defenses, such as a classified board, some of which we do not yet have.

Risks Related to Our Status as a REIT

Failure to qualify as a REIT would have material adverse consequences to us and the value of our stock.

We intend to elect to be taxed and to operate in a manner that will allow us to qualify as a REIT for federal income tax purposes under the Code. However, we cannot assure you that we will qualify or will remain qualified as a REIT. If, in any taxable year, we lose our REIT status, we will face serious tax consequences that would substantially reduce our cash available for distribution to you for each of the years involved because:

- we would not be allowed a deduction for distributions to stockholders in computing our taxable income and we would be subject to federal income tax, including any alternative minimum tax, at regular corporate rates;

- we could be subject to possibly increased state and local taxes; and unless we are entitled to relief under applicable statutory provisions, we could not elect to be taxed as a REIT for four taxable years following the year during which we were disqualified.

Our failure to qualify as a REIT could also impair our ability to expand our business and raise capital, and would materially adversely affect the value of our common stock.

We have no operating history as a REIT or a public company and our inexperience may impede our ability to successfully manage our business.

We have no operating history as a REIT or a public company. As a result, we cannot assure you that our past experience will be sufficient to successfully operate our company as a REIT or a public company. Although certain of our executive officers and directors have experience in the real estate industry, and Mr. Ray, our President and Chief Executive Officer and Ms. Beckman, our Chief Financial Officer, have previously held positions with publicly traded REITs, we cannot assure you that our past experience will be sufficient to operate a business in accordance with the Code requirements for REIT qualification or in accordance with the requirements of the SEC and the NYSE for public companies. Upon completion of this offering, we will be required to develop and implement substantial control systems and procedures in order to qualify and maintain our qualification as a REIT, satisfy our periodic and current reporting requirements under applicable SEC regulations and comply with NYSE listing standards. As a result, we will incur significant legal, accounting and other expenses that we did not incur as a private company and our management and other personnel will need to devote a substantial amount of time to comply with these rules and regulations and establish the corporate infrastructure and controls demanded of a publicly-traded REIT. These costs and time commitments could be substantially more than we currently expect. In connection with our operation as a public company, we will be required to report our operations on a consolidated basis, which we have not done before. We are in the process of implementing an internal audit function and modifying our company-wide systems and procedures in a number of areas to enable us to report on a consolidated basis as we continue the process of integrating the financial reporting of the entities we intend to acquire in connection with the Restructuring Transactions. If our finance and accounting organization is unable for any reason to respond adequately to the increased demands that will result from being a public company, the quality and timeliness of our financial reporting may suffer and we could experience significant deficiencies or material weaknesses in our disclosure controls and procedures or our internal control over financial reporting. An inability to establish effective disclosure controls and procedures and internal control over financial reporting could cause us to fail to meet our reporting obligations under the Securities Exchange Act of 1934, as amended, or Exchange Act, on a timely basis or result in material misstatements or omissions in our Exchange Act reports, either of which could cause investors to lose confidence in our company and could have a material adverse effect on our operating results and the trading price of our common stock.

Failure to qualify as a domestically-controlled REIT could subject our non-U.S. stockholders to adverse federal income tax consequences.

We will be a domestically-controlled REIT if, at all times during a specified testing period, less than 50% in value of our shares is held directly or indirectly by non-U.S. stockholders. However, because our shares will be publicly traded following this offering, we cannot guarantee that we will in fact be a domestically-controlled REIT. If we fail to qualify as a domestically-controlled REIT, our non-U.S. stockholders that otherwise would not be subject to federal income tax on the gain attributable to a sale of our shares of common stock would be subject to taxation upon such a sale if either (1) the shares of common stock were not considered to be regularly traded under applicable Treasury Regulations on an established securities market, such as the NYSE, or (2) the selling non-U.S. stockholder owned, actually or constructively, more than 5% in value of the outstanding shares of common stock being sold during specified testing periods. If gain on the sale or exchange of our shares of common stock was subject to taxation for these reasons, the non-U.S. stockholder would be subject to regular U.S. income tax with respect to any gain on a net basis in a manner similar to the taxation of a taxable U.S. stockholder, subject to any applicable alternative minimum tax and special alternative minimum tax in the case of nonresident alien individuals, and corporate non-U.S. stockholders may be subject to an additional branch profits tax, as described in Federal Income Tax Considerations Taxation of Non-U.S. Stockholders.

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Our cash available for distribution to stockholders may not be sufficient to pay distributions at expected levels or at all.

In order to maintain our qualification as a REIT, we are required under the Code to distribute at least 90% of our net taxable income annually to our stockholders. In any period our net taxable income may be greater than the cash flow from operations. In addition, we may become party to debt agreements that include cash management or similar provisions, pursuant to which revenues generated by properties subject to such indebtedness are immediately, or upon the occurrence of certain events, swept into an account for the benefit of the lenders under such debt agreements, which revenues would typically only become available to us after the funding of reserve accounts for, among other things, debt service, taxes, insurance and leasing commissions. If our properties do not generate sufficient cash flow, we may be required to fund distributions from working capital, borrowings under our new revolving credit facility, proceeds from this offering, the sale of assets or by obtaining other debt or equity financing, which may not be available, pay dividends in the form of taxable stock dividends in order to meet our distributions requirements or reduce expected distributions, any of which could have a material adverse effect on the price of our common stock.

Applicable REIT laws may restrict certain business activities.

As a REIT we are subject to various restrictions on our income, assets and activities. These include restrictions on our ability to pursue certain strategic acquisitions or business combinations and our ability to enter into other lines of business. Due to these restrictions, we anticipate that we will conduct certain business activities, such as interconnection services, in one or more taxable REIT subsidiaries. Our taxable REIT subsidiaries are taxable as regular C corporations and are subject to federal, state, local, and, if applicable, foreign taxation on their taxable income at applicable corporate income tax rates. However, we may still be limited in the business activities we can pursue.

Despite our REIT status, we remain subject to various taxes.

Notwithstanding our status as a REIT, we will be subject to certain federal, state and local taxes on our income and property. For example, we will pay tax on certain types of income that we do not distribute and will incur a 100% excise tax on transactions with our TRS that are not conducted on an arm s length basis. Moreover, our TRS is taxable as a regular C corporation and will pay federal, state and local income tax on its net income at the applicable corporate rates.

We generally will have a carryover tax basis on our properties acquired in the Restructuring Transactions, which could reduce our depreciation deductions.

We expect that the properties that we will acquire in the Restructuring Transactions generally will have a carryover tax basis that is lower than the respective fair market values of the properties. This could result in lower depreciation deductions on these properties, thereby (i) increasing the distribution requirement imposed on us which could adversely affect our ability to satisfy the REIT distribution requirement, and (ii) decreasing the extent to which our distributions are treated as tax-free return of capital distributions.

If the structural components of our properties were not treated as real property for purposes of the REIT qualification requirements, we would fail to qualify as a REIT.

A significant portion of the value of our properties is attributable to structural components related to the provision of electricity, heating, ventilation and air conditioning, humidification regulation, security and fire protection, and telecommunication services. We have received a private letter ruling from the Internal Revenue Service, or the IRS, holding, among other things, that our buildings, including the structural components, constitute real property for purposes of the REIT qualification requirements. We are entitled to rely upon that private letter ruling only to the extent that we did not misstate or omit a material fact in the ruling request we submitted to the IRS and that we operate in the future in accordance with the material facts described in that request. Moreover, the IRS, in its sole discretion, may revoke the private letter ruling. If our structural components are determined not to constitute real property for purposes of the REIT qualification requirements, including as a result of our being unable to rely upon the private letter ruling or the IRS revoking that ruling, we would fail to qualify as a REIT, which could have a material adverse effect on the value of our common stock.

Risks Related to this Offering

Increases in market interest rates may cause potential investors to seek higher dividend yields and therefore reduce demand for our common stock and result in a decline in our stock price.

One of the factors that may influence the price of our common stock is the dividend yield on our common stock (the amount of dividends as a percentage of the price of our common stock) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our common stock to expect a higher dividend yield, which we may be unable or choose not to provide. Higher interest rates would likely increase our borrowing costs and potentially decrease the cash available for distribution. Thus, higher market interest rates could cause the market price of our common stock to decline.

The number of shares available for future sale could materially adversely affect the market price of our common stock.

We cannot predict whether future issuances of shares of our common stock or the availability of shares of our common stock for resale in the open market will decrease the market price per share of our common stock. Sales of a substantial number of shares of our common stock in the public market, either by us or by holders of operating partnership units upon exchange of such units for our common stock, or the perception that such sales might occur, could materially adversely affect the market price of the shares of our common stock. The Carlyle real estate funds or their affiliates, as holders of the   operating partnership units to be issued in the Restructuring Transactions, will have the right to require us to register with the SEC the resale of the common stock issuable, if we so elect, upon redemption of these operating partnership units. Such funds or affiliates are restricted from exercising their redemption rights prior to the first anniversary of the completion of this offering. In addition, after completion of this offering, we intend to register   shares of common stock that we have reserved for issuance under our equity incentive plan, and once registered they can generally be freely sold in the public market after issuance, assuming any applicable restrictions and vesting requirements are satisfied. In addition, except as described herein, we, our operating partnership our directors and officers and the Carlyle real estate funds or their affiliates have agreed with the underwriters not to offer, sell, contract to sell, pledge or otherwise dispose of any shares of common stock, operating partnership units or other securities convertible or exchangeable into our common stock for a period of 180 days (or 365 days in the case of the Carlyle real estate funds or their affiliates) after the date of this prospectus; however, these lock-up agreements are subject to numerous exceptions and the representatives of the underwriters may waive these lock-up provisions without notice. If any or all of these holders cause a large number of their shares to be sold in the public market, the sales could reduce the trading price of our common stock and could impede our ability to raise future capital. In addition, the exercise of the underwriters option to purchase up to an additional   shares of our common stock or other future issuances of our common stock would be dilutive to existing stockholders.

Our earnings and cash distributions will affect the market price of shares of our common stock.

We believe that the market value of a REIT s equity securities is based primarily upon market perception of the REIT s growth potential and its current and potential future cash distributions, whether from operations, sales, acquisitions, development or refinancing, and is secondarily based upon the value of the underlying assets. For these reasons, shares of our common stock may trade at prices that are higher or lower than the net asset value per share. To the extent we retain operating cash flow for investment purposes, working capital reserves or other purposes rather than distributing the cash flow to stockholders, these retained funds, while increasing the value of our underlying assets, may negatively impact the market price of our common stock. Our failure to meet market expectations with regard to future earnings and cash distributions would likely adversely affect the market price of our common stock.

The market price and trading volume of our common stock may be volatile following this offering.

Even if an active trading market develops for our common stock, the market price of our common stock may be volatile. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. If the market price of our common stock declines significantly, you may be unable to

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resell your shares at or above the public offering price or at all. We cannot assure you that the market price of our common stock will not fluctuate or decline significantly in the future.

Some of the factors that could negatively affect the market price of our common stock or result in fluctuations in the price or trading volume of our common stock include:

- actual or anticipated variations in our quarterly operating results or dividends;
- changes in our funds from operations or earnings estimates;
- publication of research reports about us or the real estate, technology or data center industries;
- increases in market interest rates that may cause purchasers of our shares to demand a higher yield;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we may incur in the future;
- additions or departures of key personnel;
- actions by institutional stockholders;
- speculation in the press or investment community about our company or industry or the economy in general;
- the occurrence of any of the other risk factors presented in this prospectus; and
- general market and economic conditions.

There is currently no public market for our common stock. An active trading market for our common stock may not develop following this offering and you may be unable to sell your stock at a price above the initial public offering price or at all.

There has not been any public market for our common stock prior to this offering. Our common stock has been authorized for listing on the NYSE upon completion of this offering. We cannot assure you, however, that an active trading market for our common stock will develop after this offering or, if one develops, that it will be sustained. In the absence of a public market, you may be unable to liquidate an investment in our common stock. The initial public offering price of our common stock will be determined in consultation with the underwriters and based on a number of factors, including our results of operations, management, estimated net income, estimated funds from operations, estimated cash available for distribution, anticipated dividend yield and growth prospects, the current market valuations, financial performance and dividend yields of publicly traded companies considered to be comparable to us and the current state of the data center industry and the economy as a whole. The price at which shares of our common stock trade after the completion of this offering may be lower than the price at which the underwriters sell them in this offering.

If you purchase shares of common stock in this offering, you will experience immediate and significant dilution in the net tangible book value per share of our common stock.

We expect the initial public offering price of our common stock to be substantially higher than the book value per share of our outstanding common stock immediately after this offering. If you purchase our common stock in this offering, you will incur immediate dilution of approximately $ in the book value per share of common stock from the price you pay for our common stock in this offering, based on an assumed initial public offering price of $ per share, the midpoint of the range indicated on the cover of this prospectus. See Dilution for further discussion of how your ownership interest in us will be immediately diluted.

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FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide our current expectations or forecasts of future events. Forward-looking statements include statements about our expectations, beliefs, intentions, plans, objectives, goals, strategies, future events, performance and underlying assumptions and other statements that are not historical facts. You can identify forward-looking statements by their use of forward-looking words, such as may, will, anticipates, expect, believe, intend, plan, should, seek or comparable terms, or the negative use of those words, but the ab these words does not necessarily mean that a statement is not forward-looking.

These forward-looking statements are made based on our expectations and beliefs concerning future events affecting us and are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed in or implied by these forward-looking statements.

Important factors that could cause actual results to differ materially from our expectations are disclosed under Risk Factors and elsewhere in this prospectus. These factors include, among others:

- general economic conditions as well as adverse economic or real estate developments in our industry resulting in decreased demand for data center space;
- the geographic concentration of the properties in our portfolio;
- non-renewal of leases by customers;
- inability to retain key personnel;
- difficulties in redeveloping, developing or identifying properties to acquire and completing acquisitions;
- failure of our physical infrastructure or disruption of the services necessary for the function of our properties;
- increased interest rates and operating costs not offset by increased revenues;
- our failure to successfully operate acquired properties and operations;
- our failure to maintain our status as a REIT; and
- financial market fluctuations or a lack of external financing.

Except as required by law, we do not undertake any responsibility to release publicly any revisions to these forward-looking statements to take into account events or circumstances that occur after the date of this prospectus or to update you on the occurrence of any unanticipated events which may cause actual results to differ from those expressed or implied by the forward-looking statements contained in this prospectus.

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USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of shares of common stock will be approximately $ million, or $ million if the underwriters exercise their over-allotment option in full, assuming an initial public offering price of $ per share, the midpoint of the range set forth on the cover of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses of approximately $ million payable by us.

We will contribute the net proceeds of this offering to our operating partnership. Our operating partnership will subsequently use the proceeds received from us as follows:

To repay approximately $94.5 million of indebtedness, including related fees and expenses as follows:

$13.0 million on a mezzanine loan secured by our 55 S. Market property with an interest rate of LIBOR plus 4.50% (4.85% as of June 30, 2010) that matures on November 9, 2010,

$32.2 million on a senior mortgage loan secured by our 900 N. Alameda property with an interest rate of 7.75% as of June 30, 2010 that matures on November 1, 2010,

$1.5 million on a subordinate mortgage loan secured by our 900 N. Alameda property with an interest rate of 7.75% as of June 30, 2010 that matures on November 1, 2010,

$15.1 million on a mortgage loan secured by our 70 Innerbelt property with an interest rate of 7.25% as of June 30, 2010 that matures on March 1, 2011,

$28.0 million on a senior mortgage loan secured by the Coronado Stender Business Park with an interest rate of LIBOR plus 1.40% (1.75% as of June 30, 2010) that matures on March 9, 2011, and

$4.6 million on a junior mortgage loan secured by the Coronado Stender Business Park with an interest rate of LIBOR plus 1.40% (1.75% as of June 30, 2010) that matures on March 9, 2011;

to purchase operating partnership units from our operating partnership;

to purchase operating partnership units from the Carlyle real estate funds and their affiliates that are contributing properties to our operating partnership; and

for related transaction expenses. Our operating partnership intends to use the cash received from our purchase of its operating partnership units to redevelop and develop additional data center space and for general corporate purposes.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would (i) increase (decrease) the net proceeds to us from this offering by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase of 1.0 million shares in the number of shares offered by us, together with a concomitant $1.00 increase in the assumed public offering price of $ per share, would increase the net proceeds to us from this offering by approximately $ million. Similarly, each decrease of 1.0 million shares in the number of shares offered by us, together with a concomitant $1.00 decrease in the assumed public offering price of $ per share, would decrease the net proceeds to us from this offering by approximately $ million. We do not expect that a change in the initial public offering price will have a material effect on our use of proceeds.

DIVIDEND POLICY

We intend to elect to be taxed and to operate in a manner that will allow us to qualify as a REIT for U.S. federal income tax purposes, commencing with our tax year ending December 31, 2010. In order to qualify as a REIT under the Code, we generally must make distributions to our stockholders each year in an amount equal to at least:

- 90% of our REIT taxable income (which does not include the earnings of our taxable REIT subsidiary) determined without regard to the dividends paid deduction; plus

- 90% of the excess of our net income from foreclosure property over the tax imposed on such income by the Code; minus

- any excess non-cash income.

We intend to make regular quarterly distributions to holders of our common stock. We intend to pay an initial distribution with respect to the period commencing on the completion of this offering and ending , , based on a distribution of $ per share for a full quarter. On an annualized basis, this would be $ per share, or an annual distribution rate of approximately % based on an assumed initial public offering price of $ per share (of which we currently estimate % may represent a return of capital for tax purposes), the midpoint of the range indicated on the cover of this prospectus. We estimate that this initial annual distribution rate will represent approximately % of estimated cash available for distribution for the twelve months ending June 30, 2011 on a pro forma basis. We have estimated our cash available for distribution to our common stockholders for the 12 months ending June 30, 2011 based on adjustments to our pro forma as adjusted net income available to common stockholders for the 12 months ended June 30, 2010 (giving effect to the Restructuring Transactions and the Financing Transactions), as described below. This estimate was based upon the historical operating results of our Predecessor and the Acquired Properties, as adjusted on a pro forma basis for the Restructuring Transactions and the Financing Transactions and does not take into account any additional investments and their associated cash flows, unanticipated expenditures that we may have to make or any additional debt we may incur. In estimating our cash available for distribution to holders of our common stock, we have made certain assumptions as reflected in the table and footnotes below. To the extent our initial annual distribution is in excess of 100% of our estimated cash available for distribution, we will use existing cash to fund such shortfall or possibly borrowings under our new revolving credit facility.

We anticipate that, at least initially, our distributions will exceed our then current and accumulated earnings and profits as determined for federal income tax purposes primarily due to depreciation and amortization charges that we expect to incur. Therefore, we anticipate that a portion of these distributions will represent a return of capital for federal income tax purposes. The percentage of our stockholder distributions that exceeds our current and accumulated earnings and profits, if any, may vary substantially from year to year. For a discussion of the tax treatment of distributions to holders of our common stock, see Federal Income Tax Considerations.

We intend to maintain our initial distribution rate for the 12-month period following completion of this offering unless actual results of operations, economic conditions or other factors differ materially from the assumptions used in our estimate. Distributions made by us will be authorized by our Board of Directors out of funds legally available and therefore will be dependent upon a number of factors, including restrictions under applicable law. We believe that our estimate of cash available for distribution constitutes a reasonable basis for setting the initial distribution; however, the actual amount, timing and frequency of our distributions will be at the discretion of, and authorized by, our Board of Directors and will depend on our actual results of operations and a number of other factors, including:

the timing of our investment of the net proceeds of this offering to fund redevelopment and development projects;

the rent received from our lessees;

our debt service requirements;

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capital expenditure requirements for our properties;

unforeseen expenditures at our properties;

our ability to renew existing leases and lease available space at anticipated rates;

our taxable income and the taxable income of our TRS;

the annual distribution requirement under the REIT provisions of the Code;

our operating expenses;

relevant provisions of Maryland law; and

other factors that our Board of Directors may deem relevant.

We may retain earnings of our TRS, and such amount of cash would not be available to satisfy the 90% distribution requirement. If our cash available for distribution to our stockholders is less than 90% of our REIT taxable income, we could be required to sell assets or borrow funds to make distributions. Dividend distributions to our stockholders will generally be taxable to our stockholders as ordinary income to the extent of our current or accumulated earnings and profits.

We cannot assure you that our estimated distributions will be made or sustained. Any distributions we pay in the future will depend upon our actual results of operations, economic conditions and other factors that could differ materially from our current expectations. Our actual results of operations will be affected by a number of factors, including the revenue we receive from our properties, our operating expenses, interest expense, the ability of our customers to meet their obligations and unanticipated expenditures. If our properties do not generate sufficient cash flow, we may be required to fund distributions from (i) working capital, which could include proceeds from this offering, (ii) borrowings under our new revolving credit facility or (iii) from other debt or equity financing, which may not be available. If our properties fail to generate sufficient cash flow, we may also be forced to pay dividends in the form of taxable stock dividends in order to meet our distributions requirements or reduce expected distributions. For more information regarding risk factors that could materially adversely affect our actual results of operations and our ability to make distributions to our stockholders, see Risk Factors, including Risks Related to Our Status as a REIT Our cash available for distribution to stockholders may not be sufficient to pay distributions at expected levels or at all.

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The following table describes our pro forma income (loss) from continuing operations before non-controlling interests for the year ended December 31, 2009, and the adjustments we have made thereto in order to estimate our initial cash available for distribution for the twelve months ending June 30, 2011 (amounts in thousands except share data, per share data, square footage data and percentages):

Pro Forma loss before non-controlling interests for the 12 months ended December 31, 2009	$ (21,794)
Less: Pro Forma loss before non-controlling interests for the six months ended June 30, 2009	(12,053)
Add: Pro Forma loss before non-controlling interests for the six months ended June 30, 2010	(2,406)
Pro Forma loss before non-controlling interests for the 12 months ended June 30, 2010	**$ (12,147)**
Add: Pro forma real estate depreciation and amortization	38,333
Add: Net increases in contractual rental income(1)	15,922
Less: Net decreases in contractual net income due to lease expirations, assuming no renewals(2)	(14,163)
Less: Net effect of straight line rents and fair market value adjustments to customer leases(3)	(4,315)
Add: Net effect of straight line rent expense and fair market value adjustments for leased properties(4)	2,628
Add: Non-cash compensation expense(5)	2,079
Add: Non-cash interest expense(6)	3,246
Estimated cash flow from operating activities for the 12 months ended June 30, 2011	**$ 31,583**
Estimated cash flows used in investing activities	
Less: Contractual obligations for tenant improvement and leasing commissions(7)	(2,183)
Less: Estimated annual provision for recurring capital expenditures(8)	(1,023)
Total estimated cash flows used in investing activities	(3,206)
Estimated cash flows used in financing activities Scheduled mortgage loan principal payments(9)	(86)
Estimated cash flow available for distribution for the 12 months ending June 30, 2011	**$ 28,291**
Our share of estimated cash available for distribution(10)	
Non-controlling interests share of estimated cash available for distribution	
Total estimated initial annual distribution to stockholders	
Estimated initial annual distribution per share(11)	
Payout ratio based on our share of estimated cash available for distributions(12)	

(1) Represents net increases from new leases, renewals and contractual rent increases, net of abatements, from existing leases that were not in effect for the entire 12 month period ended June 30, 2010 or that will go into effect during the 12 months ending June 30, 2011 based on leases entered into through June 30, 2010.

(2) Assumes no renewals for leases that expired during the 12 months ended June 30, 2010 or will expire during the 12 months ending June 30, 2011, unless a new or renewal lease had been entered into by June 30, 2010.

(3) Represents GAAP to cash conversion of estimated rental revenues on in-place customer leases for the 12 months ended June 30, 2010.

(4) Represents GAAP to cash conversion of estimated rental expenses on properties leased by us for the 12 months ended June 30, 2010.

(5) Pro forma non-cash compensation expenses related to the vesting of incentive awards granted under the 2010 Equity Incentive Plan.

(6) Pro forma non-cash amortization of financing costs and below market debt for the 12 months ending June 30, 2011.

(7) Reflects contractual tenant improvement costs and leasing commissions for the 12 months ending June 30, 2011 based on leases in effect as of June 30, 2010 and new leases entered into through June 30, 2010. Leasing commission commitments totaling $667,215 include costs related to the Facebook and CSC leases of $372,240 and $109,000, respectively. Tenant improvement commitments related to the General Services Administration IRS lease agreement at 55 S. Market under which we are obligated to pay $4.3 million between 2010 and 2012. The timing of these payments are dependent on the achievement of certain defined milestones. We expect to pay $1.5 million under this contract during the twelve months ended June 30, 2011. Tenant improvement costs and leasing commissions for renewed and retenanted space at the properties in our portfolio incurred during the 12 months ended December 31, 2008 and 2009 and the six months ended June 30, 2010

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is set forth in the following table and demonstrates the variability of such costs between periods, given the nature of the leases that we execute with our customers.

	Year Ended December 31, 2008	Year Ended December 31, 2009	Six Months Ended June 30, 2010	Weighted Avg January 1, 2008- June 30, 2010
Average tenant improvement costs and leasing commissions (in thousands)	$ 3,475	$ 2,373	$ 1,529	$ 2,951

(8) For the 12 months ending June 30, 2011, the estimated costs of recurring capital expenditures (excluding costs of tenant improvements) at our properties are based on the weighted average annual capital expenditures costs of $.69 per rentable square foot in our portfolio incurred during the 12 months ended December 31, 2008 and 2009 and the six months ended June 30, 2010 multiplied by 1,481,741 rentable square feet. The following table sets forth certain information regarding capital expenditures at our properties through June 30, 2010.

	Year Ended December 31, 2008	Year Ended December 31, 2009	Six Months Ended June 30, 2010	Weighted Avg January 1, 2008- June 30, 2010
Recurring capital expenditures per rentable square foot	$ 0.37	$ 1.07	$ 0.29	$ 0.69
Total rentable square feet				1,481,741
Total estimated recurring capital expenditures (in thousands)				$ 1,023

(9) Represents scheduled principal amortization payments of the mortgage loan on the 12100 Sunrise Valley property due during the 12 months ending June 30, 2011. We have not included repayment of our mortgage on the 427 S. LaSalle property, since this mortgage includes a one-year extension without any performance tests or other conditions outside our control, which we intend to exercise.

(10) Our share of estimated cash available for distribution and estimated initial annual cash distributions to our stockholders is based on an estimated % aggregate partnership interest in our operating partnership.

(11) Based on a total of shares of our common stock to be outstanding after this offering.

(12) Calculated by dividing our estimated initial annual distribution by our share of estimated cash available for distribution for the 12 months ending June 30, 2011.

CAPITALIZATION

The following table sets forth the capitalization of our Predecessor as of June 30, 2010 on: (i) a historical basis; (ii) a pro forma basis to reflect the Restructuring Transactions (but excluding the Financing Transactions) and (iii) a pro forma as adjusted basis to reflect the Restructuring Transactions, the Financing Transactions and the application of the net proceeds from this offering as set forth under Use of Proceeds. You should read this table in conjunction with Use of Proceeds, Selected Historical and Pro Forma Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources and our consolidated historical and pro forma financial statements and the notes thereto appearing elsewhere in this prospectus.

	June 30, 2010		
	Historical Predecessor	**Pro Forma**	**Pro Forma As Adjusted[(1)]**
		(In thousands)	
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Mortgages payable[(2)]	$ 72,054	$ 216,519	$ 122,919
Redeemable noncontrolling interests in operating partnership			499,766
Stockholders equity:			
Preferred stock, $ par value per share, shares authorized, none issued or outstanding			
Common stock, $ par value per share, shares authorized, shares issued and outstanding on a pro forma basis[(3)]			
Additional paid in capital			289,669
Members equity	188,450	630,113	
Total stockholders and members equity	188,450	630,113	289,669
Total capitalization	**$ 260,504**	**$ 846,632**	**$ 912,354**

(1) The closing of the Financing Transactions will be a precondition to the consummation of this offering and it is our intention to enter into binding agreements or to otherwise obtain firm commitments with respect to the Financing Transactions prior to seeking effectiveness of the registration statement of which this prospectus is a part.

(2) Mortgages payable as of June 30, 2010 on a pro forma as adjusted basis reflect (i) $38.0 million of debt under three loans (after giving effect to a $2.0 million fair value of debt adjustment resulting from the Predecessor s acquisition of the Acquired Properties) secured by our 427 S. LaSalle property, which mature in March 2011 (subject to our option to extend each of these loans to March 2012, which option is not subject to performance tests or conditions outside our control); (ii) a $32.0 million construction loan on our 12100 Sunrise Valley

property due June 2013, of which $24.9 million was outstanding as of June 30, 2010 and (iii) $60.0 million of debt secured by the 55 S. Market property, which will have a term of not less than two years.

(3) Includes shares of common stock to be issued by us to employees (none of whom are executive officers) in connection with the Restructuring Transactions in exchange for profits interests previously issued under our profits interest incentive program and shares of restricted stock in the aggregate to be issued to each of our executive officers and employees under our 2010 Equity Incentive Plan in connection with this offering, based on an initial public offering price per share of $, the midpoint of the range set forth on the cover of this prospectus, and excludes (a) up to shares issuable upon exercise of the underwriters over-allotment option, (b) shares issuable upon conversion of outstanding operating partnership units issued to the Carlyle real estate funds and their affiliates in connection with the Restructuring Transactions, (c) operating partnership units to be issued by us to each of our executive officers (other than Messrs. Ray, Bair, Price and Sistek) and operating partnership units issued to employees (none of whom are executive officers), in each case, under our profits interest incentive program in connection with the Restructuring Transactions and (d) shares available for future issuance under our 2010 Equity Incentive Plan immediately upon completion of this offering.

Each $1.00 increase (decrease) in the assumed public offering price of $ per share would increase (decrease) each of additional paid-in capital, total stockholders /owner s equity and total capitalization by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase of 1.0 million shares in the number of shares offered by us, together with a concomitant $1.00 increase in the assumed offering price of $ per share, would increase each of additional paid-in capital, total stockholders /owner s equity and total capitalization by approximately $ million. Similarly, each decrease of 1.0 million shares in the number of shares offered by us, together with a concomitant $1.00 decrease in the assumed offering price of $ per share, would decrease each of additional paid-in capital, total stockholders /owner s equity and total capitalization by approximately $ million. The as adjusted information discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing.

DILUTION

Purchasers of our common stock offered in this prospectus will experience an immediate and substantial dilution of the net tangible book value of our common stock from the initial public offering price. At June 30, 2010, our Predecessor had a net tangible book value of approximately $ million, or $ per share of our common stock to be held by holders of operating partnership units after this offering, assuming the exchange of operating partnership units held by the Carlyle real estate funds or their affiliates following the Restructuring Transactions for shares of our common stock on a one-for-one basis. After giving pro forma effect to the Restructuring Transactions, the Financing Transactions, including the sale of the shares of our common stock offered hereby, and the use of proceeds therefrom, the pro forma net tangible book value at , attributable to common stockholders would have been $ million, or $ per share of our common stock. This amount represents an immediate increase in net tangible book value of $ per share to holders of operating partnership units and an immediate dilution in pro forma net tangible book value of $ per share from the assumed public offering price of $ per share of our common stock to new public investors. The following table illustrates this per share dilution:

	Per share
Assumed initial public offering price	$
Net tangible book value per share of our Predecessor as of assuming the exchange of all operating partnership units held by the Carlyle real estate funds or their affiliates following the Restructuring Transactions for shares of our common stock but before the Financing Transactions as of June 30, 2010	
Increase in pro forma net tangible book value per share attributable to the Restructuring Transactions, the Financing Transactions and the use of proceeds therefrom	
Pro forma net tangible book value per share after giving effect to the Restructuring Transactions, the Financing Transactions and the use of proceeds therefrom (assuming the exchange of all operating partnership units outstanding immediately following the Restructuring Transactions for shares of our common stock)	
Dilution in pro forma net tangible book value per share to new investors	$

Differences Between New Investors and Existing Investors in Number of Shares and Amount Paid

The table below summarizes, as of June 30, 2010, on a pro forma basis after giving effect to the Restructuring Transactions, the Financing Transactions and the use of proceeds therefrom, the differences between the number of shares of common stock received by the Carlyle real estate funds or their affiliates in the Restructuring Transactions (assuming the exchange of all operating partnership units held by the Carlyle real estate funds or their affiliates following the Restructuring Transactions for shares of our common stock) and the new investors purchasing shares in this offering, the total consideration paid and the average price per share paid by the Carlyle real estate funds or their affiliates in the Restructuring Transactions and paid in cash by the new investors purchasing shares in this offering (based on the net tangible book value attributable to Carlyle real estate funds or their affiliate receiving operating partnership units in the Restructuring Transactions). In calculating the shares to be issued in this offering, we used an assumed initial public offering price of $ per share, which is the midpoint of the price range indicated on the front cover page of this prospectus.

(dollars in thousands, except per share data)	Shares/OP Units Issued Number	Percentage	Net Tangible Book Value of Contribution/Cash(1) Amount	Percentage	Average Price Per Share/OP Unit
Existing investors(2)		%		%	$
New investors		%		%	$
Total					

(1) Represents pro forma net tangible book value as of June 30, 2010 of the assets contributed to our operating partnership in the Restructuring Transactions, giving effect to the Financing Transactions and the use of proceeds therefrom, prior to deducting the estimated costs of the Restructuring Transactions and the Financing Transactions.

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(2) Includes (i) 1,000 shares of our common stock representing our initial capitalization, (ii) an aggregate of operating partnership units acquired by the Carlyle real estate funds and their affiliates in consideration of the contributions by such entities to our operating partnership in the Restructuring Transactions after giving effect to our purchase of a portion of such operating partnership units and operating partnership units issued to each of our executive officers (other than Messrs. Ray, Bair, Price and Sistek) and operating partnership units issued to employees (none of whom are executive officers), in each case, concurrently with the completion of this offering in exchange for profits interests previously granted under our profits interest incentive plan, (iii) an aggregate of shares of restricted stock to be issued by us to employees (none of whom are executive officers) concurrently with the completion of this offering in exchange for profits interests previously granted under our profits interest incentive plan and shares of restricted stock in the aggregate to be issued by us to each of our executive officers and other employees pursuant to awards under our 2010 Equity Incentive Plan, based on an initial public offering price of $ per share, the midpoint of the range set forth on the cover of this prospectus, and excludes (a) operating partnership units that we will purchase from the Carlyle real estate funds and their affiliates and (b) operating partnership units that we will purchase from our operating partnership, in each case, concurrently with the completion of this offering and the Restructuring Transactions.

If the underwriters option to purchase additional shares is exercised in full, the following will occur:

the as adjusted number of shares of common stock held by existing stockholders will decrease to , or approximately %, of the total number of shares of our common stock outstanding after this offering; and

the number of shares of common stock held by new investors will increase to , or approximately %, of the total number of shares of our common stock outstanding after this offering.

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SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA

The following table sets forth summary selected financial data on a historical basis for our Predecessor. Our Predecessor is comprised of the real estate activities of four of our operating properties, 1656 McCarthy, 32 Avenue of the Americas, 12100 Sunrise Valley and 70 Innerbelt, as well as the Coronado-Stender Business Park, all wholly owned by CRP Fund V Holdings, LLC. As part of our Restructuring Transactions, we will acquire other data center properties and buildings housing office and other space under common management, which we refer to in this prospectus as our Acquired Properties. Our Acquired Properties include the continuing real estate operations of 55 S. Market, One Wilshire, 1275 K Street, 900 N. Alameda, 427 S. LaSalle and 2115 NW 22nd Street, as well as 1050 17th Street, a property we lease as our corporate headquarters, which does not generate operating revenue. For accounting purposes, our Predecessor is considered to be the acquiring entity in the Restructuring Transactions and, accordingly, the acquisition of our Acquired Properties will be recorded at fair value. For more information regarding the Restructuring Transactions, please see Structure and Formation of Our Company.

The historical financial information as of December 31, 2009 and 2008 and for each of the years ended December 31, 2009, 2008 and 2007 has been derived from our Predecessor s audited financial statements included elsewhere in this prospectus. The historical financial information as of December 31, 2007, 2006 and 2005 and for the years ended December 31, 2006 and 2005 has been derived from our Predecessor s unaudited financial statements. The historical financial information as of June 30, 2010 and for each of the six months ended June 30, 2010 and 2009 has been derived from our Predecessor s unaudited financial statements included elsewhere in this prospectus. In the opinion of the management of our company, the unaudited interim financial information included herein includes any adjustments (consisting of only normal recurring adjustments) necessary to present fairly the information set forth herein.

The unaudited pro forma condensed consolidated financial data for the year ended December 31, 2009 and the six months ended June 30, 2010 are presented as if this offering and the Restructuring Transactions and Financing Transactions had all occurred on June 30, 2010 for the pro forma condensed consolidated balance sheet data and as of January 1, 2009 for the pro forma condensed consolidated statement of operations data. Our pro forma financial information is not necessarily indicative of what our actual financial position and results of operations would have been as of the date and for the periods indicated, nor does it purport to represent our future financial position or results of operations.

You should read the following selected financial data in conjunction with our pro forma financial statements, our Predecessor s historical consolidated and combined financial statements and the related notes thereto, and our Acquired Properties historical combined financial statements and the related notes thereto, along with Management s Discussion and Analysis of Financial Condition and Results of Operations, which are included elsewhere in this prospectus.

	Six Months Ended June 30,			Year Ended December 31,					
	Pro Forma			Pro Forma					
	Consolidated	Historical Predecessor		Consolidated	Historical Predecessor				
	2010	2010	2009	2009	2009	2008	2007	2006[1]	2005[1]
	(In thousands except per share data)				(In thousands except per share data)				
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)				(Unaudited)	(Unaudited)
Statement of Operations Data									
Operating revenues	$ 66,567	$ 21,419	$ 12,362	$ 114,011	$ 28,831	$ 15,581	$ 10,349	$	$
Operating expenses:									
Property operating and maintenance	20,742	8,465	6,586	37,466	13,954	11,258	4,451		
Management fees to related party		2,295	914		2,244	1,523	363		
Real estate taxes and insurance	2,836	812	903	5,730	1,787	2,125	1,015		
Depreciation and amortization	18,661	6,948	5,279	41,330	11,193	7,966	3,528		
Sales and marketing	1,178	59	63	2,650	135	170	60		
General and administrative	12,308	501	633	22,042	1,401	1,325	267		
Rent expense	9,411	1,389	1,438	19,206	2,816	2,624	509		
Total operating expenses	65,136	20,469	15,816	128,424	33,530	26,991	10,193		
Operating income (loss)	1,431	950	(3,454)	(14,413)	(4,699)	(11,410)	156		
Other income and expense									
Interest income	4		2	79	3	17	38		
Interest expense	(3,841)	(911)	(1,178)	(7,460)	(2,343)	(2,495)	(2,123)		
Gain on sale of real estate							4,500		
Net income (loss)	(2,406)	39	(4,630)	(21,794)	(7,039)	(13,888)	2,571		
Net loss attributable to redeemable noncontrolling interests in operating partnership	(1,521)			(13,774)					
Net income (loss) attributable to	$ (885)	$ 39	$ (4,630)	$ (8,020)	$ (7,039)	$ (13,888)	$ 2,571	$	$

controlling interests		
Pro forma (earning/loss) per share basic and diluted	$	$
Pro forma weighted average common shares - basic and undiluted		

	As of June 30,		As of December 31,				
	Pro Forma Consolidated	Historical Predecessor	Historical Predecessor				
	2010	2010	2009	2008	2007	2006[1]	2005[1]
	(In thousands)		(In thousands)				
	(Unaudited)	(Unaudited)			(Unaudited)	(Unaudited)	(Unaudited)
Balance Sheet Data							
Net investments in real estate	$ 632,848	$ 250,838	$ 218,055	$ 197,493	$ 151,044	$ 28,432	$
Total assets	960,896	275,896	239,420	213,846	164,762	28,461	
Mortgages payable	122,919	72,054	62,387	52,530	44,332		
Redeemable noncontrolling interests in operating partnership	499,766						
Stockholders and members equity	289,669	188,450	162,338	149,103	107,228	28,414	

(1) The Predecessor acquired its first property in December 2006 and did not commence operations until 2007. Accordingly, the selected financial data does not include statement of operations data for the years ended December 31, 2006 and 2005 or balance sheet data as of December 31, 2005.

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We consider FFO to be a supplemental measure of our performance which should be considered along with, but not as an alternative to, net income and cash provided by operating activities as a measure of operating performance and liquidity. We calculate FFO in accordance with the standards established by NAREIT. FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of property, real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures.

Our management uses FFO as a supplemental performance measure because, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs.

We offer this measure because we recognize that FFO will be used by investors as a basis to compare our operating performance with that of other REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions, nor the level of capital expenditures and capitalized leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our financial condition and results from operations, the utility of FFO as a measure of our performance is limited. FFO is a non-GAAP measure and should not be considered a measure of liquidity, an alternative to net income, cash provided by operating activities or any other performance measure determined in accordance with GAAP, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or make distributions. In addition, our calculations of FFO are not necessarily comparable to FFO as calculated by other REITs that do not use the same definition or implementation guidelines or interpret the standards differently from us. Investors in our securities should not rely on these measures as a substitute for any GAAP measure, including net income.

The following table is a reconciliation of our net income (loss) to FFO:

	Six Months Ended June 30,			**Year Ended December 31,**			
	Pro Forma Consolidated	**Historical Predecessor**		**Pro Forma Consolidated**	**Historical Predecessor**		
	2010	**2010**	**2009**	**2009**	**2009**	**2008**	**2007**
	(In thousands) (Unaudited)				**(In thousands) (Unaudited)**		
Funds from Operations							
Net income (loss)	$ (2,406)	$ 39	$ (4,630)	$ (21,794)	$ (7,039)	$ (13,888)	$ 2,571
Real estate depreciation and amortization	18,488	6,948	5,279	40,985	11,193	7,966	3,528
Gain on sale of real estate							(4,500)
FFO	$ 16,082	$ 6,987	$ 649	$ 19,191	$ 4,154	$ (5,922)	$ 1,599

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our results of operations, financial condition and liquidity in conjunction with our consolidated and combined financial statements and the related notes included elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategies for our business, statements regarding the industry outlook, our expectations regarding the future performance of our business and the other non-historical statements contained herein are forward-looking statements. See Forward-Looking Statements. You should also review the Risk Factors section of this prospectus for a discussion of important factors that could cause actual results to differ materially from the results described herein or implied by such forward-looking statements. Our Predecessor is comprised of the real estate activities and holdings of a Carlyle real estate fund that will contribute properties into our portfolio. We refer to the assets we will acquire upon completion of this offering and completion of the Restructuring Transactions as the Acquired Properties, which are comprised of certain real estate activities and holdings of the Carlyle real estate funds or their affiliates other than our Predecessor. Since our formation as CoreSite Realty Corporation on February 17, 2010, we have not had any corporate activity other than the issuance of shares of common stock in connection with the initial capitalization of our company. Because we believe that a discussion of the historical results of CoreSite Realty Corporation would not be meaningful, we have set forth below a discussion of the historical operations of (i) our Predecessor and (ii) the Acquired Properties.

Overview

We are an owner, developer and operator of strategically located data centers in some of the largest and fastest growing data center markets in the United States, including Los Angeles, the San Francisco Bay and Northern Virginia areas, Chicago and New York City. Our high-quality data centers feature ample and redundant power, advanced cooling and security systems and many are points of dense network interconnection. We are able to satisfy the full spectrum of our customers data center requirements by providing data center space ranging in size from an entire building or large dedicated suite to a cage or cabinet. We lease our space to a broad and growing customer base ranging from enterprise customers to less space-intensive, more network-centric customers. Our operational flexibility allows us to selectively lease data center space to its highest and best use depending on customer demand, regional economies and property characteristics.

As of June 30, 2010, our property portfolio included 11 operating data center facilities, one data center under construction and one development site, which collectively comprise over 2.0 million NRSF, of which approximately 1.0 million NRSF is existing data center space. These properties include 277,126 NRSF of space readily available for lease, of which 190,788 NRSF is available for lease as data center space. As of June 30, 2010, we had the ability to expand our operating data center square footage by 865,621 NRSF by redeveloping 419,371 NRSF of vacant space and developing up to 446,250 NRSF of new data center space on land we currently own. We expect that this redevelopment and development potential will enable us to accommodate existing and future customer demand and positions us to significantly increase our cash flows.

For the years ended December 31, 2009 and 2008, our Predecessor had net losses of $7.0 million and $13.9 million, respectively. These losses were primarily a result of year-over-year increased depreciation and amortization expense and property operating and maintenance costs during the period of lease-up to stabilization of our Predecessor s properties. Increased interest expense from property level debt incurred to fund the acquisition and development of our Predecessor s properties has also contributed to these historical losses. Our ability to achieve profitability is dependent upon a number of risks and uncertainties discussed in the section Risk Factors, many of which are beyond our control. We cannot assure you that we will be successful in executing our business strategy and become profitable following the Restructuring Transactions and, if we achieve profitability, given the competitive nature of the industry in which we operate, we may not be able to sustain profitability or grow our business at the levels we anticipate.

Acquisitions, Redevelopment and Development. The following sets forth the acquisition, redevelopment and development activities for our Predecessor and the entities contributing the Acquired Properties since

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January 1, 2007. We refer to each entity contributing a property as a Contributing Entity. All NRSF totals presented below are as of June 30, 2010.

Operating Property Acquisitions and Operating Leases

February 2007 A Contributing Entity acquired 427 S. LaSalle, located in downtown Chicago, for $35.0 million, which comprises 175,073 NRSF of operating space and 5,309 NRSF of vacant redevelopment space.

February 2007 Our Predecessor acquired the Coronado-Stender Business Park in Santa Clara, California for $37.8 million, which consists of 15.75 contiguous acres in Santa Clara, California. The Coronado-Stender Business Park encompasses: (i) the Coronado-Stender Properties, a development site consisting of 9.1 acres housing (a) five buildings with 78,800 NRSF of office and light-industrial operating space and (b) 50,400 NRSF of vacant space on land held for development, (ii) 2901 Coronado, a 50,000 NRSF building on 3.14 acres and (iii) 2972 Stender, a 50,400 NRSF building on 3.51 acres planned for development. Subject to entitlements, we believe the Coronado-Stender Properties and 2972 Stender can be developed into up to 446,250 NRSF of data center space in addition to the 50,000 NRSF of data center space completed during the second quarter of 2010 at 2901 Coronado. See Development Projects.

April 2007 Our Predecessor acquired 70 Innerbelt, located just outside of Boston s central business district, for $32.5 million, which comprises 121,591 NRSF of operating space and 155,015 NRSF of vacant redevelopment space.

June 2007 Our Predecessor entered into a lease for the seventh floor in the 32 Avenue of the Americas building in New York City. This lease accounts for 49,303 total NRSF, of which 48,404 NRSF is operating space.

August 2007 A Contributing Entity entered into a lease for space in the One Wilshire building in Los Angeles, California. This lease accounts for 172,970 total square feet, of which 164,021 NRSF is operating space.

December 2007 Our Predecessor acquired 12100 Sunrise Valley, located in Reston, Virginia, for $45.0 million, which comprises 154,848 NRSF of operating space and 107,921 NRSF of vacant redevelopment space.

Redevelopment History

Since the acquisition of our first property 55 S. Market, an Acquired Property, in February 2000, we have completed over 30 data center redevelopment projects. Included among these, from January 1, 2006 through June 30, 2010, we completed 28 projects totaling 570,586 NRSF, representing 52.6% of our existing data center NRSF. In addition to our completed redevelopment projects, at June 30, 2010, we were in the process of redeveloping or developing a total of 85,434 NRSF of additional data center space.

Development Projects

In March 2010, our Predecessor signed a six-year lease with a leading online social networking company for 100% of the 50,000 NRSF of high-quality data center space at 2901 Coronado, which is located within the Coronado-Stender Business Park. The development site for 2901 Coronado was acquired by our Predecessor as a component of the Coronado-Stender Business Park. Since acquiring the Coronado-Stender Business Park, as of June 30, 2010, our Predecessor had invested $38.2 million in connection with the development of 2901 Coronado and additional improvements to the Coronado-Stender Properties. In addition, we are currently in the process of developing 2972 Stender into a 50,400 NRSF data center. We have submitted a request for a mitigated negative declaration from the City of Santa Clara to enable us to construct up to an additional 50,600 NRSF at this building, for a total of up to 101,000 NRSF of data center space. Should we obtain entitlements to construct the additional 50,600 NRSF and, provided we then believe market demand warrants and that it would be the best use of our capital available for expansion, we may elect to construct the entire 101,000 NRSF of space, comprised of the initial 50,400 NRSF of data center space plus the incremental 50,600 NRSF of unconditioned core and shell space held for potential future development into data center space.

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Redevelopment and Development. We identify space suitable for redevelopment and development both at the time we purchase an asset and from time to time as we own and operate an asset. We often strategically purchase properties with large vacancies or expected near-term lease roll-over and use our extensive knowledge of the property and market to determine the optimal use and customer mix. Generally, a redevelopment consists of a range of improvements to a property, including upgrades to existing data center space by adding additional power and cooling capabilities and/or a targeted remodeling of common areas and customer spaces to make the property more attractive to certain customers. A development may involve a more comprehensive structural renovation of an existing building to significantly upgrade the character of the property, or it may involve ground-up construction of a new building to support data center operations. The redevelopment or development process generally occurs in stages and requires significant capital expenditures in many cases.

The Restructuring Transactions. Immediately prior to the completion of the initial public offering of our common stock, we will enter into a series of transactions with the Carlyle real estate funds or their affiliates to create our new organizational structure. These transactions, which we refer to as our Restructuring Transactions, are described more fully under the caption Certain Relationships and Related Party Transactions The Restructuring Transactions.

As a result of the Restructuring Transactions, after the completion of this offering, substantially all of our assets will be held by, and our operations conducted through, CoreSite, L.P. and its subsidiaries. All of our interconnection services will be provided by our TRS, CoreSite Services, Inc., a wholly owned subsidiary of our operating partnership. We will control CoreSite, L.P. as general partner and as the owner of approximately % of the interests in our operating partnership. Our primary asset will be our general and limited partner interests in our operating partnership.

Revenues. Our operating revenue generally consists of base rent, power, tenant reimbursements and interconnection services. Upon completion of this offering and consummation of the Restructuring Transactions, the Acquired Properties will no longer earn and record management fees revenue as the management services provided to the Predecessor will be eliminated. Additionally, following the Restructuring Transactions, our property portfolio will include nine owned properties and three leased properties with an aggregate of 2.0 million NRSF. As of June 30, 2010, our operating facilities were approximately 81.3% leased at an annualized rent per leased NRSF of $71.14 and during the six months ending December 31, 2010, represented 8.2% of our portfolio s NRSF and 14.4% of our portfolio s annualized rent. As of June 30, 2010, and based on annualized rent, our dollar-weighted average lease term was 5.0 years.

As of June 30, 2010, of the 1,085,099 NRSF of operating data center space in our portfolio, our data center facilities were approximately 82.4% leased at an annualized rent per leased NRSF of $88.83. Leases scheduled to expire during the six months ending December 31, 2010 represented 12.3% of our data center portfolio s leased NRSF and 14.0% of our data center portfolio s annualized rent.

Operating Expenses. Our operating expenses generally consist of utilities, site maintenance costs (including on-site personnel and security, repairs and maintenance), real estate and personal property taxes, insurance, selling, general and administrative and rental expenses on our leased properties. With respect to property operating expenses, many of our customer leases are full service gross or modified gross, both net of electricity expense, as more fully described below. Following the completion of this offering, as a public company, we estimate our annual general and administrative expenses will increase by approximately $6.8 million initially due to increased property taxes, insurance premiums and increased legal, accounting and other expenses related to corporate governance, public reporting and compliance with the various provisions of the Sarbanes-Oxley Act of 2002, and we will not be able to pass through a significant amount of these costs to our customers. We believe our general and administrative expenses will decrease as a percentage of revenue to the extent that we experience revenue growth in future periods.

Factors that May Influence our Results of Operations

Rental Income. Our ability to grow the amount of net rental income generated by the properties in our portfolio depends principally on our ability to maintain the historical occupancy rates of currently leased space and to lease currently available space and space that becomes available from leases that expire or are terminated. As of June 30, 2010, our operating facilities comprised approximately 73.0% of our total NRSF. Our ability to grow the rental income generated by us also depends on our ability to maintain or increase rental rates at our properties. Negative trends in one or more of these factors could adversely affect our rental income in future periods. Future economic downturns or regional downturns affecting our markets or downturns in the technology industry that impair our ability to renew or re-lease space and the ability of our customers to fulfill their lease commitments, as in the case of customer bankruptcies, could adversely affect our ability to maintain or increase rental rates at our properties.

Leasing Arrangements. Historically, many of our properties have been leased to customers on a full service gross or a modified gross basis, both net of electricity expense, and to a limited extent on a triple net lease basis. We expect to continue to do so in the future. Under a full service gross lease, the customer pays a fixed annual rent on a monthly basis, and in return we are required to pay all maintenance, repair, property taxes, insurance, and selling, general and administrative expenses. Under a modified gross lease, the customer has a base-year expense stop, whereby the customer pays a stated amount of certain expenses as part of the rent payment, while future increases (above the base-year stop) in property operating expenses are billed to the customer based on such customer s proportionate square footage of the property and other factors. The increased property operating expenses billed are reflected as customer reimbursements in the statements of operations. Finally, in a triple net lease, the customer is responsible for all operating expenses, property taxes and insurance. As such, the base rent payment does not include any operating expense, but rather all such expenses are billed to the customer. The full amount of the expenses for this lease type is reflected in customer reimbursements. Since a portion of our revenue consists of those expenses reimbursed to us by our customers, in any given period our revenue will be determined in part by the amount of expenses that are reimbursed by our customers.

The following table sets forth the NRSF of our portfolio leased under full service gross, modified gross and triple net leases as well as the annualized rent attributable to such leases as of June 30, 2010:

	Full Service Gross	Modified Gross	Triple Net	Total
Leased NRSF	633,535	147,295	423,785	1,204,615
% of Total	52.6%	12.2%	35.2%	
Annualized Rent	$ 62,542	$ 4,057	$ 19,096	$ 85,695
% of Total	73.0%	4.7%	22.3%	

Substantially all of our data center NRSF are subject to the breakered-amp or sub-metered (branch circuit monitoring) pricing models. The allocation between the two models across our data center customer base does not materially affect our ability to recover our electricity costs because we separately recover all or substantially all of our electricity costs for all of our leased data center space under either model. Under the sub-metered model, a customer pays us monthly for the power attributable to its equipment in the data center as well as for its ratable allocation of the power used to provide the cooling, lighting, security and other requirements supporting the data center, in each case, at a rate substantially equivalent to our then current cost of electricity. Under breakered-amp leases a customer pays a fixed monthly fee per committed available ampere of connected power. The extent to which this fixed monthly fee correlates to the monthly amount we pay to our utility provider for electricity at each data center facility varies depending upon the amount of power each customer utilizes each month relative to the amount of committed power purchased. Under the breakered-amp model a customer s base rent per NRSF is generally lower than in the branch-circuit monitoring model reflecting the differing approach to electricity cost recovery between the two models. Fluctuations in our customers monthly utilization of power and the prices our utility providers charge us for power impact our operating revenue, expense and earnings differently depending upon the applicable power pricing model.

Under breakered-amp leases, such fluctuations do not impact our operating revenue but do impact our operating expense and as such our earnings. This is because our breakered-amp customers pay for an amount of committed power regardless of the amount of power they use and we recognize the difference between monthly revenue from breakered-amp power commitments and our monthly electricity costs as income. Accordingly, in any month our breakered-amp revenue is fixed whereas our related expense (which is dependent on utilization) can fluctuate. For leases under our sub-metered model, fluctuations in our customers monthly utilization of power and the prices our utility providers charge us for power impact our operating revenue and operating expense similarly and as such do not materially impact our earnings. Additionally, under each model, during the initial lease-up period, we generally do not fully recover our electricity costs attributable to the power used to provide the cooling, lighting, security and other requirements supporting the data center.

Scheduled Lease Expirations. Our ability to re-lease expiring space will impact our results of operations. As of June 30, 2010, approximately 277,126 NRSF of our portfolio represented currently available space and leases representing approximately 8.2% and 17.9% of the NRSF across our portfolio were scheduled to expire during the years ending December 31, 2010 and 2011, respectively. These leases, scheduled to expire during the years ending December 31, 2010 and 2011, also represented approximately 14.4% and 20.4%, respectively, of our annualized rent as of June 30, 2010.

Acquisitions, Redevelopment and Development. Our ability to grow rental income will depend on our ability to acquire, redevelop, develop and lease data center space at favorable rates. As of June 30, 2010, we had approximately 419,371 NRSF of redevelopment space, or approximately 20.7% of the total space in our portfolio. In addition, during the second quarter of 2010, we completed development on a 50,000 NRSF data center at 2901 Coronado, Santa Clara, California. During March 2010, we entered into a lease for 100% of this space with a leading online social networking company. Our portfolio also contains a 50,400 NRSF data center under construction and five buildings on a 9.1 acre development site in Santa Clara, California, which we believe can be developed into up to 446,250 NRSF of data center space.

Conditions in Significant Markets. Our operating properties are located in Los Angeles, the San Francisco Bay and Northern Virginia areas, Chicago, Boston, New York City and Miami. These markets comprised 36.7%, 31.5%, 12.5%, 7.0%, 6.4%, 4.4% and 1.5%, respectively, of our annualized rent as of June 30, 2010. Positive or negative changes in conditions in these markets will impact our overall performance.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our Predecessor s and Acquired Properties historical financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Our actual results may differ from these estimates. We have provided a summary of our significant accounting policies in Note 2 to our Predecessor s and Acquired Properties financial statements included elsewhere in this prospectus. We describe below those accounting policies that require material subjective or complex judgments and that have the most significant impact on our financial condition and results of operations. Subsequent to the completion of the Financing, these same critical accounting policies and estimates will also be used in our financial statements. Our management evaluates these estimates on an ongoing basis, based upon information currently available and on various assumptions management believes are reasonable as of the date of this prospectus.

Acquisition of Real Estate. We apply purchase accounting to the assets and liabilities related to all of our real estate investments acquired. Accordingly, we are required to make subjective assessments to allocate the purchase price paid to the acquired tangible assets, consisting primarily of land, building and improvements, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases and lease origination costs. These allocation assessments involve significant judgment and complex calculations and have a direct impact on our results of operations.

Capitalization of Costs. We capitalize direct and indirect costs related to leasing, construction, redevelopment and development, including property taxes, insurance and financing costs relating to properties under development. We cease cost capitalization on redevelopment and development space once the space is ready for its intended use and held available for occupancy. All renovations and betterments that extend the economic useful lives of assets are capitalized.

Useful Lives of Assets. We are required to make subjective assessments as to the useful lives of our properties for purposes of determining the amount of depreciation to record on an annual basis with respect to our investments in real estate. These assessments have a direct impact on our net income. We depreciate the buildings, on average, over 39 years. Additionally we depreciate building improvements over ten years for owned properties and the remaining term of the original lease for leased properties. Leasehold improvements are depreciated over the shorter of the lease term or useful life of the asset.

Impairment of Long-Lived Assets. We review the carrying value of our properties for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is recognized when estimated expected future cash flows (undiscounted and without interest charges) from an asset are less than the carrying amount of the asset. The estimation of expected future net cash flows is inherently uncertain and relies to a considerable extent on assumptions regarding current and future economic and market conditions and the availability of capital. If, in future periods, there are changes in the estimates or assumptions incorporated into an impairment review analysis, these changes could result in an adjustment to the carrying amount of our assets. To the extent that an impairment has occurred, the excess of the carrying amount of the property over its estimated fair value would be charged to income. No such impairment losses have been recognized to date.

Revenue Recognition. Rental income is recognized on a straight-line basis over the non-cancellable term of customer leases. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are recorded as deferred rent receivable on our balance sheets. Many of our leases contain provisions under which our customers reimburse us for a portion of direct operating expenses, including power, as well as real estate taxes and insurance. Such reimbursements are recognized in the period that the expenses are recognized. We recognize the amortization of the acquired above-market and below-market leases as decreases and increases, respectively, to rental revenue over the remaining non-cancellable term of the underlying leases. If the value of below-market leases includes renewal option periods, we include such renewal periods in the amortization period utilized.

Interconnection and utility services are considered separate earnings processes that are typically provided and completed on a month-to-month basis and revenue is recognized in the period that the services are performed. Set-up charges and utility installation fees are initially deferred and recognized over the term of the arrangement or the expected period of performance unless management determines a separate earnings process exists related to an installation charge.

We must make subjective estimates as to when our revenue is earned and the collectability of our accounts receivable related to rent, deferred rent, expense reimbursements and other income. We analyze individual accounts receivable and historical bad debts, customer concentrations, customer creditworthiness and current economic trends when evaluating the adequacy of the allowance for bad debts. These estimates have a direct impact on our net income because a higher bad debt allowance would result in lower net income, and recognizing rental revenue as earned in one period versus another would result in higher or lower net income for a particular period.

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Our Portfolio

The following table provides an overview of our properties as of June 30, 2010 after giving effect to the Restructuring Transactions.

			NRSF						Red D
			Operating[1]						
		Annualized	Data Center[2]		Office and Light-Industrial[3]		Total		
tropolitan Area	Acquisition Date[5]	Rent ($000)[6]	Total	Percent Leased[7]	Total	Percent Leased[7]	Total[8]	Percent Leased[7]	Under Construction(
rn Virginia	Dec. 2007	$ 8,838	116,498	70.5%	38,350	99.2%	154,848	77.6%	
ancisco Bay	Feb. 2007	8,820	50,000	100.0			50,000	100.0	
ancisco Bay	Dec. 2006	6,507	71,847	85.7			71,847	85.7	4,829
ı	Apr. 2007	5,506	118,991	94.0	2,600	57.1	121,591	93.2	25,118
'ork	June 2007	3,730	48,404	68.8			48,404	68.8	
ancisco Bay	Feb. 2007	678			78,800	74.3	78,800	74.3	
ancisco Bay	Feb. 2007								50,400
		$ 34,079	405,740	83.5%	119,750	81.9%	525,490	83.1%	80,347
ngeles	Aug. 2007	$ 20,391	156,521	74.1%	7,500	62.2%	164,021	73.6%	
ngeles	Oct. 2006	11,044	256,690	91.1	16,622	7.1	273,312	86.0	16,126
ancisco Bay	Feb. 2000	11,003	84,045	86.5	205,846	77.9	289,891	80.4	
;o	Feb. 2007	5,950	129,790	74.5	45,283	100.0	175,073	81.1	
rn Virginia	June 2006	1,914	22,137	96.6			22,137	96.6	
	June 2006	1,314	30,176	49.4	1,641	40.2	31,817	49.0	
		51,616	679,359	81.8%	276,892	76.6%	956,251	80.3%	16,126
		$ 85,695	**1,085,099**	**82.4%**	**396,642**	**78.2%**	**1,481,741**	**81.3%**	**96,473**

* Indicates properties in which we hold a leasehold interest.

(1) Represents the square feet at a building under lease as specified in existing customer lease agreements plus management s estimate of space available for lease to customers based on engineers drawings and other factors, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas. Total NRSF at a given facility includes the total operating NRSF and total redevelopment and development NRSF, but excludes our office space at a facility and our corporate headquarters.

(2) Represents the NRSF at an operating facility that is currently leased or readily available for lease as data center space. Both leased and available data center NRSF include a customer s proportionate share of the required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.

(3) Represents the NRSF at an operating facility that is currently leased or readily available for lease as space other than data center space, which is typically space offered for office or light-industrial use.

(4) Represents vacant space in our portfolio that requires significant capital investment in order to redevelop or develop into data center facilities. Total redevelopment and development NRSF and total operating NRSF represent the total NRSF at a given facility.

(5) Represents the date a property was acquired by a Carlyle real estate fund or, in the case of a property under lease, the date the initial lease commenced for the property.

(6) Represents the monthly contractual rent under existing customer leases as of June 30, 2010 multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and, for any customer under a modified gross or triple-net lease, it excludes the operating expense reimbursement attributable to those leases. Total abatements for leases in effect as of June 30, 2010 for the 12 months ending June 30, 2011 were $26,303. On a gross basis, our annualized rent was approximately $90,792,000 as of June 30, 2010, which reflects the addition of $5,097,139 in operating expense reimbursements to contractual net rent under modified gross and triple-net leases.

(7) Includes customer leases in effect as of June 30, 2010. The percent leased is determined based on leased square feet as a proportion of total operating NRSF.

(8) Represents the NRSF at an operating facility currently leased or readily available for lease. This excludes existing vacant space held for redevelopment or development.

(9) Reflects NRSF for which substantial activities are ongoing to prepare the property for its intended use following redevelopment or development, as applicable. Of the 96,473 NRSF under construction as of June 30, 2010, 85,434 NRSF was data center space and 11,039 NRSF was ancillary data center support space.

(10) We currently have the ability to develop 129,200 NRSF of data center space at the Coronado-Stender Properties and, subject to our obtaining a mitigated negative declaration from the City of Santa Clara, we believe that we will be able to develop an additional 216,050 NRSF, or up to 345,250 NRSF in the aggregate, of data center space at this property. See Business and Properties Description of Our Portfolio Coronado-Stender Business Park, Santa Clara, California.

(11) We currently have the ability to develop 50,400 NRSF of data center space at 2972 Stender. We have submitted a request for a mitigated negative declaration from the City of Santa Clara to enable us to construct up to an additional 50,600 NRSF at

this building, for a total of up to 101,000 NRSF of data center space. We are under construction on the currently entitled 50,400 NRSF of data center space. Should we obtain entitlements to construct the additional 50,600 NRSF and, provided we then believe market demand warrants and that it would be the best use of our capital available for expansion, we may elect to construct the entire 101,000 NRSF of space, comprised of the initial 50,400 NRSF of data center space plus the incremental 50,600 NRSF of unconditioned core and shell space held for potential future development into data center space. See Business and Properties Description of Our Portfolio Coronado-Stender Business Park, Santa Clara, California.

Results of Operations

Since our formation on February 17, 2010 we have not had any corporate activity other than the issuance of shares of common stock in connection with the initial capitalization of our company. Because we believe that a discussion of the operating results for this limited period would not be meaningful, we have set forth below a discussion of the results of operations of our accounting predecessor, or our Predecessor, CRP Fund V Holdings, LLC, which consisted of the operations of four wholly owned operating properties and one development property. Separately, we have presented a discussion of the combined results of operations of the other properties in our portfolio, or our Acquired Properties, which consisted of six operating properties and a property leased as our corporate headquarters, which does not generate operating revenue. Our Acquired Properties do not comprise a legal entity, but rather a combination of assets from certain Carlyle real estate funds, and their respective wholly owned subsidiaries, that have common management. The historical combined financial statements of our Acquired Properties contained in this prospectus represent the combination of the financial statements of those entities. We believe that the results of our Acquired Properties, when considered along with the results of our Predecessor, present a more comprehensive picture of our historical operating results than our Predecessor alone. In addition, the historical results of operations presented below should be reviewed along with the pro forma financial information contained elsewhere in this prospectus, which includes adjustments related to the effects of the Restructuring Transactions and the Financing Transactions.

Results of Operations of Our Predecessor

During the periods presented below, our Predecessor, CRP Fund V Holdings, LLC, consisted of four wholly owned properties operating as data centers including 1656 McCarthy, 32 Avenue of the Americas, 12100 Sunrise Valley and 70 Innerbelt, as well as the Coronado-Stender Business Park in Santa Clara, California, consisting of 2901 Coronado, a 50,000 NRSF data center completed during the second quarter of 2010, 2972 Stender, a 50,400 NRSF data center under construction and the Coronado-Stender Properties, a 9.1 acre development site that houses five buildings. Certain of the five buildings located at the Coronado-Stender Properties are under short-term lease for office or light-industrial use, which operating revenue is reflected in our Predecessor s results of operations for the periods presented below. We completed the first phase of 2901 Coronado in April 2010, and completed the remainder by the end of the second quarter of 2010. During March 2010, we fully leased this space to a leading online social networking company pursuant to a six-year lease.

Three Months Ended June 30, 2010 Compared to Three Months Ended June 30, 2009

Operating Revenue. Operating revenue for the three months ended June 30, 2010 was $12.4 million. This includes rental revenue of $8.8 million, power revenue of $2.7 million, tenant reimbursements of $0.4 million and other revenue of $0.4 million, primarily from interconnection services. This compares to revenue of $6.3 million for the three months ended June 30, 2009. The increase of $6.0 million, or 95%, was due primarily to $4.7 million of increased rental revenue due to the placement into service and subsequent leasing of 2901 Coronado during the second quarter of 2010, the placement into service and subsequent leasing of expansion space completed in the second half of 2009 at 12100 Sunrise Valley and the continued lease up of 32 Avenue of the Americas, 1656 McCarthy and 70 Innerbelt and $1.0 million of increased power revenue related to the increased occupancy at these locations.

Operating Expenses. Operating expenses for the three months ended June 30, 2010 were $11.0 million compared to $8.4 million for the three months ended June 30, 2009. The increase of $2.6 million, or 32%, was primarily due to increased property operating and maintenance costs and depreciation and amortization expense of $1.1 million and $1.0 million, respectively, mainly resulting from the placement into service and subsequent leasing of 2901 Coronado during the second quarter of 2010 and the placement into service and subsequent leasing of expansion space completed in the second half of 2009 at 12100 Sunrise Valley.

Interest Expense. Interest expense, including amortization of deferred financing costs, for the three months ended June 30, 2010 was $0.4 million compared to interest expense of $0.6 million for the three months ended June 30, 2009. The decrease in interest expense was due to lower interest rates on our floating rate debt and increased capitalized interest related to the construction of 2901 Coronado during the three months ended June 30, 2010 partially offset by increased debt balances.

Net Income (Loss). Net income for the three months ended June 30, 2010 was $0.9 million compared to a net loss of $2.6 million for the three months ended June 30, 2009. The increase of $3.6 million was primarily due to increased operating revenue from the placement into service and subsequent leasing of 2901 Coronado during the second quarter of 2010 and the placement into service and subsequent leasing of expansion space completed in the second half of 2009 at 12100 Sunrise Valley partially offset by increased property depreciation and amortization expense and property operating and maintenance costs.

Six Months Ended June, 2010 Compared to Six Months Ended June 30, 2009

Operating Revenue. Operating revenue for the six months ended June 30, 2010 was $21.4 million. This includes rental revenue of $15.0 million, power revenue of $4.9 million, tenant reimbursements of $0.7 million and other revenue of $0.8 million, primarily from interconnection services. This compares to revenue of $12.4 million for the six months ended June 30, 2009. The increase of $9.1 million, or 73%, was due primarily to $7.1 million of increased rental revenue due to the placement into service and subsequent leasing of 2901 Coronado during the second quarter of 2010, the placement into service and subsequent leasing of expansion space completed in the second half of 2009 at 12100 Sunrise Valley and the continued lease up of 32 Avenue of the Americas, 1656 McCarthy and 70 Innerbelt and $1.9 million of increased power revenue related to the increased occupancy at these locations.

Operating Expenses. Operating expenses for the six months ended June 30, 2010 were $20.5 million compared to $15.8 million for the six months ended June 30, 2009. The increase of $4.7 million, or 29%, was primarily due to increased property operating and maintenance costs and depreciation and amortization expense of $1.9 million and $1.7 million, respectively, mainly resulting from the placement into service and subsequent leasing of 2901 Coronado during the second quarter of 2010 and the placement into service and subsequent leasing of expansion space completed in the second half of 2009 at 12100 Sunrise Valley.

Interest Expense. Interest expense, including amortization of deferred financing costs, for the six months ended June 30, 2010 was $0.9 million compared to interest expense of $1.2 million for the six months ended June 30, 2009. The decrease in interest expense was due to lower interest rates on our floating rate debt and increased capitalized interest related to the construction of 2901 Coronado during the six months ended June 30, 2010 partially offset by increased debt balances.

Net Income (Loss). Net income for the six months ended June 30, 2010 was less than $0.1 million compared to a net loss of $4.6 million for the six months ended June 30, 2009. The increase of $4.6 million was primarily due to increased operating revenue from the placement into service and subsequent leasing of 2901 Coronado during the second quarter of 2010 and the placement into service and subsequent leasing of expansion space completed in the second half of 2009 at 12100 Sunrise Valley partially offset by increased property depreciation and amortization expense and property operating and maintenance costs.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Operating Revenue. Operating revenue for the year ended December 31, 2009 was $28.8 million. This includes rental revenue of $19.0 million, power revenue of $7.4 million, tenant reimbursements of $1.1 million and other revenue of $1.4 million, primarily from interconnection services. This compares to revenue of $15.6 million for the year ended December 31, 2008. The increase of $13.3 million, or 85%, was due primarily to $10.4 million of increased rental revenue due to a full year of operations at 32 Avenue of the Americas and 12100 Sunrise Valley which were placed into service during the third quarter of 2008 and the continued lease up of 1656 McCarthy and 70 Innerbelt and $2.4 million of increased power revenue resulting from the increased occupancy at these locations.

Operating Expenses. Operating expenses for the year ended December 31, 2009 were $33.5 million compared to $27.0 million for the year ended December 31, 2008. The increase of $6.5 million, or 24%, was primarily due to increased depreciation and amortization expense of $3.2 million resulting from a full of year of depreciation for 32 Avenue of the Americas and 12100 Sunrise Valley which were both placed into service during the third quarter of 2008 and $2.7 million of increased property operating and maintenance expenses due to the continued lease up of properties in 2009.

Interest Expense. Interest expense, including amortization of deferred financing costs, for the year ended December 31, 2009 was $2.3 million compared to interest expense of $2.5 million for the year ended December 31, 2008. The decrease in interest expense was due to lower interest rates on floating rate debt partially offset by increased debt balances.

Net Loss. Net loss for the year ended December 31, 2009 was $7.0 million compared to a net loss of $13.9 million for the year ended December 31, 2008. The decrease of $6.9 million was primarily due to increased operating revenue from the continued lease up activities partially offset by increased property depreciation and amortization expense and property operating and maintenance costs.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Operating Revenue. Operating revenue for the year ended December 31, 2008 was $15.6 million. This includes rental revenue of $8.6 million, power revenue of $5.0 million, tenant reimbursements of $1.2 million and other revenue of $0.8 million, primarily from interconnection services. This compares to revenue of $10.3 million for the year ended December 31, 2007. The increase of $5.2 million, or 51%, was due primarily to the following: $3.5 million of increased rental revenue resulting from the commencement of operations at 32 Avenue of the Americas and 12100 Sunrise Valley during the third quarter of 2008 and a full year of operations at the remaining properties which were all acquired during 2007 and $2.0 million of increased power revenue resulting from the increased occupancy at these locations.

Operating Expenses. Operating expenses for the year ended December 31, 2008 were $27.0 million compared to $10.2 million for the year ended December 31, 2007. The increase of $16.8 million, or 165%, was primarily due to the following: $6.8 million of increased property operating and maintenance costs due to the continued lease up of properties in 2008, increased depreciation and amortization expense of $4.4 million resulting from the placement of 32 Avenue of the Americas and 12100 Sunrise Valley into service during the third quarter of 2008 and a full of year of depreciation and amortization for the remaining properties which were all acquired and placed into service at varying times during 2007, $2.1 million of increased rent expense at 32 Avenue of the Americas resulting from a full year of rent expense compared to 2007 which included rent expense subsequent to the execution of the property lease in June, 2007, $1.2 million of increased management fees primarily due to the increase in operating revenues and leasing activities, and $1.1 million of increased real estate taxes and insurance from 32 Avenue of the Americas and 12100 Sunrise Valley which had capitalized these costs prior to the respective property s placement into service during the third quarter of 2008.

Net Income (Loss). Net loss for the year ended December 31, 2008 was $13.9 million compared to net income of $2.6 million for the year ended December 31, 2007. The decrease of $16.5 million was primarily due to the gain on the sale of four buildings owned by CRP Oak Creek V, LLC recognized in 2007, and the increased operating expenses in 2008 as previously discussed, partially offset by the placement of 32 Avenue of the Americas and 12100 Sunrise Valley into service during the third quarter of 2008 and increased operating revenue from the continued lease up activities.

Results of Operations of Our Acquired Properties

During the periods presented below, our Acquired Properties consisted of six properties operating as data centers including, 55 S. Market, One Wilshire, 1275 K Street, 900 N. Alameda, 427 S. LaSalle and 2115 NW 22nd Street, as well as 1050 17th Street, a property leased as our corporate headquarters, which does not generate operating revenue. As discussed above, our Acquired Properties commenced operations prior to 2007 with the exception of One Wilshire, concerning which we executed our lease in August 2007 and 427 S. LaSalle, which commenced operations in February 2007. The continued redevelopment and development and lease up of the properties are the primary factors that explain a significant amount of the changes in the results of operations for our Acquired Properties for the periods discussed below.

Three Months Ended June 30, 2010 Compared to Three Months Ended June 30, 2009

Operating Revenue. Operating revenue for the three months ended June 30, 2010 was $24.9 million. This includes rental revenue of $13.8 million, power revenue of $5.7 million, tenant reimbursements of $0.6 million, other revenue of $2.5 million, primarily from interconnection services, and property management fees from related parties of $2.2 million. This compares to revenue of $21.7 million for the three months ended June 30, 2009. The increase of $3.2 million, or 15%, was due primarily to increased rental revenue of $1.0 million from increased occupancy and rental rates, increased power revenue of $0.9 million due to the increased occupancy and $1.1 million of increased management fees from related parties due to increases in leasing commissions, construction management fees and property management fees.

Operating Expenses. Operating expenses for the three months ended June 30, 2010 were $22.5 million compared to $19.4 million for the three months ended June 30, 2009. The increase of $3.1 million, or 16%, was primarily due to increased depreciation and amortization expense of $0.4 million resulting from the placement of additional space into service at 900 N. Alameda and 427 S. LaSalle during 2009, $1.1 million of increased general and administrative expense primarily due to increased employee head count and $1.3 million of general and administrative expenses primarily related to audit fees, consulting services and recruiting fees incurred in connection with this offering and the Restructuring Transactions.

Interest Expense. Interest expense, including amortization of deferred financing costs, for the three months ended June 30, 2010 was $1.5 million compared to interest expense of $1.3 million for the three months ended June 30, 2009. The increase in interest expense was due to an increase in the interest rate on the 900 N. Alameda loan due to the exercise of the first loan extension in the second half of 2009.

Net Income. Net income for the three months ended June 30, 2010 was $0.8 million compared to $1.0 million for the three months ended June 30, 2009. The decrease of $0.2 million was primarily due to increased interest expense and increased operating expenses partially offset by increased operating revenue as discussed previously.

Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009

Operating Revenue. Operating revenue for the six months ended June 30, 2010 was $51.5 million. This includes rental revenue of $27.3 million, power revenue of $11.1 million, tenant reimbursements of $1.4 million, other revenue of $4.9 million, primarily from interconnection services, and property management fees from related parties of $6.7 million. This compares to revenue of $42.5 million for the six months ended June 30, 2009. The increase of $9.1 million, or 21%, was due primarily to increased rental revenue of $1.9 million from increased occupancy and rental rates, increased power revenue of $1.8 million due to the increased occupancy and $4.7 million of increased management fees from related parties due to increases in leasing commissions earned in connection with the leasing of 2901 Coronado, construction management fees and property management fees earned in connection with the completion and placement into service of 2901 Coronado.

Operating Expenses. Operating expenses for the six months ended June 30, 2010 were $43.6 million compared to $37.3 million for the six months ended June 30, 2009. The increase of $6.3 million, or 17%, was primarily due to increased property operating and maintenance costs of $0.9 million due to increased occupancy, increased depreciation and amortization expense of $1.0 million resulting from the placement of additional space into service at

900 N. Alameda and 427 S. LaSalle during 2009, $1.9 million of increased general and administrative expense primarily due to increased employee head count and $1.8 million of general and administrative expenses primarily related to audit fees, consulting services and recruiting fees incurred in connection with this offering and the Restructuring Transactions.

Interest Expense. Interest expense, including amortization of deferred financing costs, for the six months ended June 30, 2010 was $3.1 million compared to interest expense of $2.4 million for the six months ended

June 30, 2009. The increase in interest expense was due to an increase in the interest rate on the 900 N. Alameda loan due to the exercise of the first loan extension in the second half of 2009.

Net Income. Net income for the six months ended June 30, 2010 was $4.8 million compared to $2.7 million for the six months ended June 30, 2009. The increase of $2.0 million was primarily due to increased operating revenue resulting from the increased occupancy and rental rates partially offset by increased operating expenses and interest expense as discussed previously.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Operating Revenue. Operating revenue for the year ended December 31, 2009 was $88.8 million. This includes rental revenue of $51.7 million, power revenue of $19.4 million, tenant reimbursements of $3.0 million, other revenue of $9.0 million, primarily from interconnection services, and management fees from related parties of $5.6 million. This compares to revenue of $74.4 million for the year ended December 31, 2008. The increase of $14.4 million, or 19%, was due primarily to increased rental revenue of $7.7 million from increased occupancy and rental rates, increased power revenue of $2.9 million due to the increased occupancy and $3.1 million of increased other revenue resulting from increased interconnection services above.

Operating Expenses. Operating expenses for the year ended December 31, 2009 were $78.5 million compared to $73.5 million for the year ended December 31, 2008. The increase of $5.0 million, or 7%, was primarily due to the following: increased depreciation and amortization expense of $2.6 million resulting from the placement of additional space into service at One Wilshire and the completion of additional capital improvements at 427 S. LaSalle during 2008 and $1.0 million of increased property operating and maintenance costs due to the continued lease up of properties in 2008.

Interest Expense. Interest expense, including amortization of deferred financing costs, for the year ended December 31, 2009 was $5.5 million compared to interest expense of $8.7 million for the year ended December 31, 2008. The decrease in interest expense was due to lower interest rates on floating rate debt.

Net Income (Loss). Net income for the year ended December 31, 2009 was $4.9 million compared to a net loss of $7.4 million for the year ended December 31, 2008. The increase of $12.2 million was primarily due to increased operating revenues of $14.4 million as previously discussed, a reduction in interest expense due to lower interest rates on floating rate debt, partially offset by increased operating expenses as discussed previously.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Operating Revenue. Operating revenue for the year ended December 31, 2008 was $74.4 million. This includes rental revenue of $44.0 million, power revenue of $16.5 million, tenant reimbursements of $2.5 million and other revenue of $5.9 million, primarily from interconnection services, and management fees from related parties of $5.5 million. This compares to revenue of $48.0 million for the year ended December 31, 2007. The increase of $26.4 million, or 55%, was due primarily to $15.0 million of increased rental revenue due to a full year of operations at One Wilshire and 427 S. LaSalle which were placed into service during 2007 and the continued lease up of the remaining properties, $7.8 million of increased power revenue due to the increase in lease commencements during 2008, and $2.7 million of increased other revenue from increased interconnection services provided.

Operating Expenses. Operating expenses for the year ended December 31, 2008 were $73.5 million compared to $43.9 million for the year ended December 31, 2007. The increase of $29.6 million, or 67%, was primarily due to the following: $9.2 million of increased property operating and maintenance costs due to the continued lease up of properties in 2008 and a full year of operations at One Wilshire and 427 S. LaSalle which were placed into service during 2007, $7.7 million of increased rent expense at One Wilshire resulting from a full year of rent expense compared to 2007 which included rent expense subsequent to the execution of the property lease in August, 2007, increased general and administrative expense of $6.5 million, increased depreciation and amortization expense of $5.1 million resulting from the placement of One Wilshire and 427 S. LaSalle into service during 2007.

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Interest Expense. Interest expense, including amortization of deferred financing costs, for the year ended December 31, 2008 was $8.7 million compared to interest expense of $11.9 million for the year ended December 31, 2007. The decrease in interest expense was due to lower interest rates on floating rate debt, partially offset by increased debt balances.

Net Loss. Net loss for the year ended December 31, 2008 was $7.4 million compared to a net loss of $7.0 million for the year ended December 31, 2007. The increase of $0.4 million was primarily due to increased operating expenses of $29.6 million as previously discussed, partially offset by increased operating revenues of $26.4 million and a reduction in interest expense.

Liquidity and Capital Resources

As a REIT, we are required to distribute at least 90% of our taxable income to our stockholders on an annualized basis. We intend to make, but are not contractually bound to make, regular quarterly distributions to common stockholders and unit holders in order to maintain our status as a REIT. All such distributions are at the discretion of our Board of Directors. We intend to fund these distributions with cash generated from operations and external sources of capital, if necessary. As of June 30, 2010 and as adjusted for the Financing Transactions, we would have had $80.5 million of cash and cash equivalents.

Short-term Liquidity

Our short-term liquidity requirements primarily consist of funds needed for future distributions to stockholders and holders of our operating partnership units, interest expense, operating costs including utilities, site maintenance costs, real estate and personal property taxes, insurance, rental expenses and selling, general and administrative expenses and certain recurring and non-recurring capital expenditures, including for the redevelopment and development of data center space during the next 12 months. We expect to meet our short-term liquidity requirements through net cash provided by operations, reserves established for certain future payments, the net proceeds from this offering and to the extent necessary, by incurring additional indebtedness, including by drawing on our revolving credit facility. Upon completion of this offering and the Financing Transactions, we expect to have $ million of cash and cash equivalents on our balance sheet and the ability to borrow up to an additional $ million under a new $110.0 million revolving credit facility, subject to satisfying certain financial tests, which we believe will be sufficient to meet our short-term liquidity needs for the foreseeable future.

Long-term Liquidity

Our long-term liquidity requirements primarily consist of the costs to fund the development of the Coronado-Stender Properties, our 9.1 acre development site that houses five buildings in Santa Clara, California, future redevelopment or development of other space in our portfolio not currently scheduled, property acquisitions, scheduled debt maturities and recurring and non-recurring capital improvements. We expect to meet our long-term liquidity requirements primarily by incurring long-term indebtedness and drawing on our revolving credit facility. We also may raise capital in the future through the issuance of additional equity securities, subject to prevailing market conditions, and/or through the issuance of operating partnership units.

In view of our strategy to grow our portfolio over time, we do not, in general, expect to meet our long-term liquidity needs through sales of our properties. In the event that, notwithstanding this intent, we were in the future to consider sales of our properties from time to time, our ability to sell certain of our assets could be adversely affected by obligations under our tax protection agreement, the general illiquidity of real estate assets and certain additional factors particular to our portfolio such as the specialized nature of our properties, and property use restrictions.

Pro Forma Indebtedness

As summarized in the following table, on a pro forma basis after giving effect to the Restructuring Transactions, the Financing Transactions and the repayment of certain of our existing indebtedness as set forth under the heading Use of Proceeds, we would have had approximately $124.9 million of aggregate combined indebtedness (excluding a $2.0 million fair value of debt adjustment resulting from the Restructuring Transactions) as of June 30, 2010. We expect that we will also have $ million of undrawn capacity under a new $110.0 million revolving credit facility. However, the availability of funds under our revolving facility will depend on, among other things, compliance with applicable restrictions and covenants set forth in the agreements governing our indebtedness and market conditions and there can be no assurance that additional credit would be available to us at acceptable terms or at all.

Pro forma Mortgage debt	**Interest Rate(1)**	**Principal Amount (in thousands)**	**Annual Debt Service(2) (in thousands)**	**Maturity Date(3)**
55 S. Market	L + 3.50%	$ 60,000	$ 2,310	November 2012
427 S. LaSalle	L + 1.95%(4)	40,000(6)	920	March 2012
12100 Sunrise Valley	L + 2.75%	24,927	773	June 2013
Total pro forma debt(5)		**$ 124,927**	**$ 4,003**	

(1) The effective interest rate for variable rate loans is calculated based on the 1-month LIBOR rate at June 30, 2010, which was 0.35%. Does not give effect to the interest rate hedging arrangements we intend to enter into in connection with our refinancing and assumption of the indebtedness secured by our 55 S. Market and 12100 Sunrise Valley properties, respectively. See footnote 2(DD) to our pro forma condensed consolidated financial statements included elsewhere in this prospectus.

(2) Annual debt service includes payments for interest only. The weighted average stated interest rate of our debt was LIBOR plus 2.85% on a pro forma basis as of June 30, 2010. Does not give effect to the interest rate hedging arrangements we intend to enter into in connection with our refinancing and assumption of the indebtedness secured by our 55 S. Market and 12100 Sunrise Valley properties, respectively. See footnote 2(DD) to our pro forma condensed consolidated financial statements included elsewhere in this prospectus.

(3) Maturity date represents the date on which the principal amount is due and payable, assuming no payment has been made in advance of the maturity date. The maturity date on our 427 S. LaSalle property includes a one-year extension without performance tests or conditions outside our control. In addition, we have the right to extend the loan on 55 S. Market by two additional years to November 2014 and the loan on 12100 Sunrise Valley by one additional year to June 2014. These extensions require the compliance with certain performance tests, which, in each case, we currently meet on a pro forma basis after giving effect to this offering and Restructuring Transactions, and expect to continue to meet in the future.

(4) Represents the weighted average interest rate as of June 30, 2010 under three loans secured by 427 S. LaSalle: (i) a 0.60% spread on a $25.0 million senior note; (ii) a 4.825% spread on a $10.0 million mezzanine note; and (iii) a variable spread on a $5.0 million subordinate senior note.

(5) Upon consummation of the Financing Transactions, we expect that we will have $9.4 million of letters of credit issued but undrawn, and no other borrowings outstanding, under our new revolving credit facility. See Material Terms of Our Indebtedness to be Outstanding After this Offering.

(6) Excludes a $2.0 million fair value of debt adjustment resulting from the Predecessor s acquisition of the Acquired Properties.

Material Terms of Our Indebtedness to be Outstanding After this Offering

Revolving Credit Facility. We expect that the revolving credit facility will be subject to usual and customary affirmative and negative covenants.

Mortgage(s). Prior to the completion of this offering, we expect to assume and, in one case, refinance certain loans currently held by the entities contributing the 427 S. LaSalle property, 55 S. Market property and 12100 Sunrise Valley property to our portfolio in connection with the Restructuring Transactions. We expect to obtain lender consent to assume a total of $40.0 million of debt under three loans secured by our 427 S. LaSalle property. These loans mature in March 2011; however, we expect to exercise the 12-month options to extend each of these loans to a maturity date of March 2012. There are no performance tests or conditions outside our control to exercise these extension options. These loans bear interest at a weighted average rate of LIBOR plus 1.95%. We also expect to obtain lender consent to assume a $32.0 million construction loan due June 2013 secured by our 12100 Sunrise Valley property, of which $24.9 million was outstanding as of June 30, 2010. We believe that the outstanding balance of the construction loan will be $25.5 million upon completion of this offering. This construction loan bears interest at a rate of LIBOR plus 2.75%. Concurrently with the completion of this offering, we expect to refinance the existing $73.0 million of debt secured by our 55 S. Market property with a new $60.0 million mortgage loan, which will have a term of not less than two years. We plan to repay the remaining $13.0 million of the existing loan with a portion of the proceeds from this offering. The existing loans bear interest at a weighted average rate of LIBOR plus 2.25%, and we expect that the refinanced loan will bear interest at a rate of LIBOR plus 3.50%. However, in connection with our refinancing and assumption of the indebtedness secured by our 55 S. Market and 12100

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Sunrise Valley properties, respectively, we intend to enter into interest rate hedging arrangements that would effectively swap the interest rate of these loans to a fixed rate through their respective maturity dates. These hedging arrangements would fix the interest rate on the loans on each of our 55 S. Market and 12100 Sunrise Valley properties at 5.00% and 4.75%, respectively. See footnote 2(DD) to our pro forma condensed consolidated financial statements included elsewhere in this prospectus.

Commitments and Contingencies

Upon completion of the Restructuring Transactions, the Financing Transactions and repayment of certain of our existing indebtedness, on a pro forma basis, assuming these transactions occurred as of June 30, 2010, we would have had aggregate combined indebtedness totaling $124.9 million (excluding a $2.0 million fair value of debt adjustment resulting from the Restructuring Transactions). The closing of the Financing Transactions will be a precondition to the consummation of this offering, and it is our intention to enter into binding agreements or to otherwise obtain firm commitments with respect to the Financing Transactions prior to seeking effectiveness of the registration statement of which this prospectus is a part. The following table summarizes our contractual obligations as of June 30, 2010, on a pro forma basis, including the maturities and scheduled principal repayments of indebtedness and excluding other borrowings incurred subsequent to June 30, 2010:

Obligation	2010	2011	2012	2013	2014	Thereafter	Total
				(in thousands)			
Operating Leases[1]	$ 8,043	$ 16,356	$ 16,806	$ 17,228	$ 17,549	$ 61,682	$ 137,664
Revolver							
Mortgage(s) payable[2]			100,000	24,927			124,927
Other[3]	971	2,898	2,182	278	151	294	6,774
Total	**$ 9,014**	**$ 19,254**	**$ 118,988**	**$ 42,433**	**$ 17,700**	**$ 61,976**	**$ 269,365**

(1) Lease obligations for One Wilshire, 1275 K Street, 32 Avenue of the Americas, and 1050 17th Street.
(2) Mortgage debt includes $40.0 million on 427 S. LaSalle due in 2012, including extensions without performance tests or conditions outside our control, $60.0 million on 55 S. Market due in 2012 and $24.9 million on 12100 Sunrise Valley due in 2013. We have the right to extend the loan on 55 S. Market by two additional years to November 2014 and the loan on 12100 Sunrise Valley by one additional year to June 2014. These extensions require the compliance with certain performance tests, which, in each case, we currently meet on a pro forma basis after giving effect to this offering and Restructuring Transactions, and expect to continue to meet in the future. The balances on 55 S. Market and 427 S. LaSalle are pro forma and assume the transactions set forth in the Financing Transactions are completed. In June 2011, we will begin amortizing the 12100 Sunrise Valley loan based on a 30-year term using an interest rate equal to the greater of 150 basis points per year in excess of the then current 10-year U.S. Treasury Note, or seven percent. Additional information on these loans is available in the Material Terms of Our Indebtedness to be Outstanding After this Offering section.
(3) Obligations for tenant improvement work at 55 S. Market Street, power contracts and telecommunications leases.

Off-Balance Sheet Arrangements

As of June 30, 2010, December 31, 2009 and 2008, neither our Predecessor nor the Acquired Properties had any material off-balance sheet arrangements.

Discussion of Cash Flows

Our Predecessor

Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009

Net cash provided by operating activities was $1.3 million for the six months ended June 30, 2010, compared to cash used in operating activities of $1.8 million for the prior period. The increased cash provided by operating activities of $3.1 million was primarily due to additional operating cash generated by the continued lease up of the properties and increases in amounts due to related parties and accounts payable and accrued expenses, partially offset by the payment of leasing costs.

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Net cash used in investing activities increased by $30.3 million to $37.5 million for the six months ended June 30, 2010, compared to $7.2 million for the six months ended June 30, 2009. This increase was primarily due to an increase in cash paid for capital expenditures related to redevelopment and development of data center space.

Net cash provided by financing activities increased by $26.6 million to $35.5 million for the six months ended June 30, 2010 from $8.9 million for the six months ended June 30, 2009 primarily due to an increase in capital contributions received from the member of the Predecessor and proceeds from mortgages payable partially offset by an increase in distributions.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Net cash provided by operating activities was $1.4 million for the year ended December 31, 2009, compared to cash used in operating activities of $9.6 million for the prior period. The increased cash provided by operating activities of $11.1 million is primarily due to the collection of accounts receivable, the increase in accounts payable and accrued expenses and additional operating cash generated by the continued lease up of the properties.

Net cash used in investing activities decreased by $26.4 million to $27.5 million for the year ended December 31, 2009, compared to $53.8 million for the year ended December 31, 2008. This decrease was primarily due to a decrease in cash paid for capital expenditures related to redevelopment and development of data center space.

Net cash provided by financing activities decreased by $33.2 million to $30.0 million for the year ended December 31, 2009 from $63.2 million for the year ended December 31, 2008 primarily due to a decrease in capital contributions received from the member of the Predecessor.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Net cash used in operating activities was $9.6 million for the year ended December 31, 2008, compared to cash provided by operations of $1.9 million for the prior period. The increase in cash used in operating activities of $11.5 million is primarily due to the repayment of accounts payable and accrued expenses and payment of leasing commissions.

Net cash used in investing activities decreased by $64.5 million to $53.8 million for the year ended December 31, 2008, from $118.3 million for the year ended December 31, 2007. This decrease was primarily due to a decrease in cash paid for acquisitions.

Net cash provided by financing activities decreased by $57.0 million to $63.2 million the year ended December 31, 2008, from $120.2 million for the year ended December 31, 2007 primarily due to a decrease in mortgage loan proceeds and capital contributions received from the member of the Predecessor partially offset by a decrease in distributions.

Our Acquired Properties

Six Months Ended June 30, 2010 Compared to Six Months Ended June 30, 2009

Net cash provided by operating activities was $18.2 million for the six months ended June 30, 2010, compared to cash provided by operations of $11.2 million for the prior period. The increased cash provided by operating activities of $7.0 million was primarily due to additional operating cash generated by the continued lease up of the properties and increases in accounts payable and accrued expenses, partially offset by the payment of amounts due to related parties.

Net cash used in investing activities increased by $0.7 million to $7.2 million for the six months ended June 30, 2010, from $6.5 million for the six months ended June 30, 2009. This increase was primarily due to an increase in contributions to reserves for capital improvements partially offset by a decrease in cash paid for capital expenditures.

Net cash used in financing activities increased by $21.6 million to $20.0 million for the six months ended June 30, 2010, compared to net cash provided by financing activities of $1.6 million for the six months ended

June 30, 2009 primarily due to a decrease in proceeds from mortgages and an increase in distributions during 2010.

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

Net cash provided by operating activities was $26.0 million for the year ended December 31, 2009, compared to cash provided by operations of $9.3 million for the prior period. The increased cash provided by operating activities of $16.8 million is primarily due to the collection of accounts receivable and additional operating cash generated by the continued lease up of the properties.

Net cash used in investing activities decreased by $18.7 million to $9.6 million for the year ended December 31, 2009, from $28.3 million for the year ended December 31, 2008. This decrease was primarily due to a decrease in cash paid for capital expenditures.

Net cash used in financing activities was $7.5 million for the year ended December 31, 2009, compared to net cash provided by financing activities of $17.5 million for the year ended December 31, 2008 primarily due to the principal repayment of $5.2 million in 2009 and a decrease in capital contributions received from members of the Acquired properties during 2009 of $17.8 million compared to 2008.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Net cash provided by operating activities was $9.3 million for the year ended December 31, 2008, compared to cash provided by operating activities of $6.8 million for the prior period. The increased cash provided by operating activities of $2.5 million is primarily due to additional operating cash generated by the continued lease up of the properties.

Net cash used in investing activities decreased by $83.3 million to $28.3 million for the year ended December 31, 2008, from $111.6 million for the year ended December 31, 2007. This decrease was primarily due to a decrease in cash paid for acquisitions.

Net cash provided by financing activities decreased by $94.0 million to $17.5 million for the year ended December 31, 2008, from $111.5 million for the year ended December 31, 2007 primarily due to a decrease in mortgage loan proceeds and capital contributions received from members of the Acquired Properties during 2008 compared to 2007.

Related Party Transactions

The following related party transactions are based on agreements and arrangements entered into prior to our initial public offering, at which time we did not have formal procedures for approving such related party transactions. For a more detailed discussion of these transactions see Management and Certain Relationships and Related Party Transactions.

We lease 1,458 NRSF of data center space at our 12100 Sunrise Valley property to an affiliate of The Carlyle Group. The lease commenced on July 1, 2008 and expires on June 30, 2013. Rental revenue was approximately $155,300 for the year ended December 31, 2009 and $78,802 for the six months ended June 30, 2010. Additionally, we sublease space in our Denver corporate headquarters from an affiliate of The Carlyle Group. The lease commenced on April 25, 2007 and expires on October 31, 2012. Rental expense was approximately $60,300 for the year ended December 31, 2009 and $29,826 for the six months ended June 30, 2010.

On August 1, 2010, Mr. Ray, a member of our Board of Directors and formerly a managing director of The Carlyle Group, resigned from his position at Carlyle and entered into an employment agreement with us to serve exclusively as our President and Chief Executive Officer. Mr. Ray s compensation and that of his executive assistant have historically been paid by an affiliate of The Carlyle Group. In total, we paid an affiliate of The Carlyle Group $575,000 as partial reimbursement for related services rendered to us by Mr. Ray and his executive assistant during the year ended December 31, 2009 and have paid $287,500 as partial reimbursement for such services during the six months ended June 30, 2010.

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Affiliates of The Carlyle Group caused letters of credit to be issued by various financial institutions to guarantee lease commitments, payments to vendors and construction redevelopment at certain properties in our portfolio. Prior to or concurrently with the completion of this offering, letters of credit for four of our properties totaling $9.4 million will be cancelled and be replaced by letters of credit, which we expect we will cause to be issued under our new revolving credit facility.

Leasing Arrangements

In connection with the Restructuring Transactions, we will assume the leases for the operating properties that we do not own (32 Avenue of the Americas, One Wilshire and 1275 K Street), as well as the lease for our corporate headquarters, the space we currently use for our corporate office space.

Policies Applicable to All Directors and Officers

We intend to adopt certain written policies that are designed to eliminate or minimize certain potential conflicts of interest, including a policy for the review, approval or ratification of related party transactions. We have also adopted a code of business conduct and ethics that prohibits our employees, officers and directors and our company from entering into transactions where there is a conflict of interest. In addition, our Board of Directors is subject to certain provisions of Maryland law, which are also designed to eliminate or minimize conflicts. See Policies with Respect to Certain Activities.

Inflation

Substantially all of our leases contain annual rent increases. As a result, we believe that we are largely insulated from the effects of inflation. However, any increases in the costs of redevelopment or development of our properties will generally result in a higher cost of the property, which will result in increased cash requirements to develop our properties and increased depreciation expense in future periods, and, in some circumstances, we may not be able to directly pass along the increase in these development costs to our customers in the form of higher rents.

Quantitative and Qualitative Disclosures About Market Risk

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates.

As of June 30, 2010, we had approximately $124.9 million of pro forma consolidated indebtedness (excluding a $2.0 million fair value of debt adjustment resulting from the Restructuring Transactions) that bore interest at variable rates. $30.0 million of the $124.9 million is hedged against LIBOR interest rate increases above 6.24%. Concurrently with the completion of this offering, we intend to enter into a $110.0 million revolving credit facility, borrowings under which will bear interest at variable rates; however, we anticipate that we will not draw on this facility at closing.

If interest rates were to increase by 1%, the increase in interest expense on our pro forma variable rate debt would decrease future earnings and cash flows by approximately $1,249,265 annually. If interest rates were to decrease 1%, on a pro forma basis the decrease in interest expense on the variable rate debt would be approximately $1,249,265 annually. Interest risk amounts were determined by considering the impact of hypothetical interest rates on our financial instruments. The foregoing does not give effect to the interest rate hedging arrangements we intend to enter into in connection with our refinancing and assumption of the indebtedness secured by our 55 S. Market and 12100 Sunrise Valley properties, respectively. These hedging arrangements would fix the interest rate on the loans on each of our 55 S. Market and 12100 Sunrise Valley properties through their current maturities at rates not to exceed 5.00% and 4.75%, respectively. See footnote 2(DD) to our pro forma condensed consolidated financial statements included elsewhere in this prospectus.

These analyses do not consider the effect of any change in overall economic activity that could occur in that environment. Further, in the event of a change of that magnitude, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our financial structure.

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Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board, or FASB, issued authoritative accounting guidance which established the FASB Accounting Standards Codification. The Codification is the single official source of authoritative, nongovernmental U.S. GAAP and supersedes all previously issued non-SEC accounting and reporting standards. We adopted the provisions of the authoritative accounting guidance for the interim reporting period ended September 30, 2009, the adoption of which did not have a material effect on the our company s financial statements.

On January 1, 2009, we adopted an accounting standard which modifies the accounting for assets acquired and liabilities assumed in a business combination. This revised standard requires assets acquired, liabilities assumed, contractual contingencies and contingent consideration in a business combination to be recognized at fair value. Subsequent changes to the estimated fair value of contingent consideration are reflected in earnings until the contingency is settled. The revised standard requires additional disclosures about recognized and unrecognized contingencies. This standard is effective for acquisitions made after December 31, 2008. The adoption of this standard will change our company s accounting treatment for business combinations on a prospective basis.

On January 1, 2009, we adopted authoritative guidance issued by the FASB that amended its existing standards for a parent s noncontrolling interest in a subsidiary and the accounting for future ownership changes with respect to the subsidiary. The new standard defines a noncontrolling interest, previously called a minority interest, as the portion of equity in a subsidiary that is not attributable, directly or indirectly, to a parent. The new standard requires, among other things, that a noncontrolling interest be clearly identified, labeled and presented in the combined balance sheet as equity, but separate from the parent s equity; that the amount of combined net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the combined statement of income; and that if a subsidiary, other than a subsidiary primarily holding real estate, is deconsolidated, the parent measures at fair value any noncontrolling equity investment that the parent retains in the former subsidiary and recognize a gain or loss in net income based on the fair value of the non-controlling equity investment. The standard was effective for our company beginning on January 1, 2009. The adoption of this standard did not have a material impact on our company s financial statements.

On January 1, 2009, we adopted authoritative guidance issued by the FASB for its non-financial assets and liabilities and for its financial assets and liabilities measured at fair value on a non-recurring basis. The guidance provides a framework for measuring fair value in generally accepted accounting principles, expands disclosures about fair value measurements, and establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. In April 2009, the FASB issued further clarification for determining fair value when the volume and level of activity for an asset or liability had significantly decreased and for identifying transactions that were not conducted in an orderly market. This clarification of the accounting standard is effective for interim reporting periods after June 15, 2009. We adopted this clarification of the standard for the interim reporting period ended June 30, 2009. The adoption of the provisions of this new standard did not materially impact our company s financial statements.

On January 1, 2009, we adopted a new accounting standard that expands the disclosure requirements regarding an entity s derivative instruments and hedging activities. The adoption of the provisions of this new standard did not materially impact our company s financial statements.

In June 2009, the FASB issued guidance that amended the consolidation of variable-interest entities, or VIE s. This amended guidance requires an enterprise to qualitatively assess the determination of the primary beneficiary of a VIE based on whether the entity has (i) the power to direct the activities of the VIE that most significantly impact a VIE s economic performance and (ii) has the obligation to absorb losses or receive benefits that could potentially be significant to the VIE. Further, the amended guidance requires ongoing reconsideration of the primary beneficiary of a

VIE and adds an additional reconsideration event for determination of whether an entity is a VIE. The new guidance was effective January 1, 2010 for our company. The adoption of this guidance did not impact our company s financial position or results of operations.

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In October 2009, the FASB issued Accounting Standards Update 2009-13, *Multiple-Deliverable Revenue Arrangements*. The new standard changes the requirements for establishing separate units of accounting in a multiple element arrangement and requires the allocation of arrangement consideration to each deliverable based on the relative selling price. ASU 2009-13 is effective for revenue arrangements entered into in fiscal years beginning on or after June 15, 2010. The adoption of this standard is not expected to have a material impact on our company s financial statements.

In January 2010, the FASB issued guidance that amends and clarifies existing guidance related to fair value measurements and disclosures. This guidance requires new disclosures for (1) transfers in and out of Level 1 and Level 2 and reasons for such transfers; and (2) the separate presentation of purchases, sales, issuances and settlement in the Level 3 reconciliation. It also clarifies guidance around disaggregation and disclosures of inputs and valuation techniques for Level 2 and Level 3 fair value measurements. This standard will be effective for our fiscal year beginning January 1, 2010, except for the new disclosures relating to Level 3 fair value measurements, which will be effective for our fiscal year beginning January 1, 2011. The adoption of this standard is not expected to have a material impact on our company s financial statements.

INDUSTRY OVERVIEW AND MARKET OPPORTUNITY

Industry Overview

Data centers are highly specialized and secure buildings that house networking, storage and communications technology infrastructure, including servers, storage devices, switches, routers and fiber optic transmission equipment. These buildings are designed to provide the power, cooling and network connectivity necessary to efficiently operate this mission-critical IT equipment. This infrastructure requires an uninterruptible power supply, backup generators, cooling equipment, fire suppression systems and physical security. Data centers located at points where many communications networks converge can also function as interconnection hubs where customers are able to connect to multiple networks and exchange traffic with each other.

According to Tier1 Research, LLC, the global Internet data center market is estimated to grow from $9.2 billion in 2008 to $18.5 billion in 2012, representing a compound annual growth rate of 19%.[b] We believe that the data center industry enjoys strong demand dynamics principally driven by the continued growth of Internet traffic, the corresponding increase in processing and storage equipment and the increased need for network interconnection capabilities. Additionally, companies are increasingly outsourcing their data center needs due to the high cost of operating and maintaining in-house data center facilities, increasing power and cooling requirements for data centers and the growing focus on business and disaster recovery planning.

Concurrently with the increasing demand for outsourced data center space, we believe that the supply of new data center facilities has been constrained by industry consolidation, underinvestment and lack of sufficient capital to develop additional space. New data center supply is estimated to grow by only 5% in 2010, whereas data center demand is expected to grow by 12% during the same period.[c] Through 2013, global demand for multi-customer data center space is expected to outpace overall new supply by approximately 250%, resulting in utilization of data center space rising from 73% at year-end 2009 to 96% of forecasted space by 2013.[c] Industry estimates suggest that at 70% space utilization, a data center market will begin to experience supply constraints as suitable space becomes limited.[c] At 80% space utilization, industry sources predict that demand for data center space will greatly outpace available supply and that pricing for available space could be driven up significantly; and at 90% space utilization, available supply in a data center market is estimated to be effectively filled with the remaining space physically fragmented, held for expansion by existing customers and very expensive.[c]

We believe this imbalance of supply and demand will continue to support a favorable pricing environment for providers of data center space. Therefore, we anticipate that sufficiently capitalized operators with space and land available for redevelopment and development, as well as a proven track record and reputation for operating high-quality data center facilities, will enjoy a significant competitive advantage and be best-positioned to accommodate market demand.

Growth in Internet Traffic. Global Internet Protocol, or IP, traffic has experienced significant growth and is expected to continue to grow exponentially. According to the Cisco Visual Networking Index, global IP traffic, including Internet, non-Internet and mobile data, is expected to quadruple from 2009 to 2014, representing a compound annual growth rate of 34%.[a] This growth is expected to be driven by a mix of consumer and business trends including increased broadband penetration, the proliferation of wireless smart phones, rich media such as video-on-demand, real time online streaming video, social networks, online gaming, mobile broadband and cloud computing. In turn, the need for additional communications and processing equipment in the form of servers, routers, storage arrays and other infrastructure to support this growth, as well as the specialized facilities to house this infrastructure will continue to grow apace. We believe the on-going growth in the amount of content and data created, exchanged and stored will continue to drive strong demand for data center space and interconnection services.

Increasing Power and Cooling Requirements. Sufficient power availability to operate computing equipment and cooling infrastructure is one of the most significant challenges facing data centers today. As server speeds continue to increase, the power requirement and heat generated by modern servers, such as blade servers, has more than doubled since 2000. Concurrently, increased cooling requirements for these dense servers coupled with increasing memory and storage requirements are also driving power demand. Many legacy-built corporate data centers have proven unable to accommodate these increasing power and cooling requirements. According to Nemertes Research, at the end of 2009, 28.6% of data centers between 5,000 and 50,000 square feet had insufficient power and this figure is projected to increase to 50% by 2011.[d] The leading third-party wholesale and colocation data center companies can provide high-quality, reliable facilities including power redundancy and density, cooling infrastructure, security and overall efficiency.

Trend Toward Outsourcing. Data centers are frequently outside of the core competency of many companies and have become increasingly more complex and expensive to design, build and operate. Businesses are continuing to recognize that outsourcing could improve their cost structure, enhance their agility, lower their overall IT risk and allow them to focus on revenue generation. According to a Gartner research poll in December 2008, although 84% of company respondents primarily used their own data centers, 66% indicated that they expected to have at least 1,000 square feet of outsourced data center space within the next 24 months.[e] Third-party data center providers often offer superior infrastructure, operational expertise, redundancy, service level commitments as well as greater access to a diversity of major network carriers. The trend towards outsourcing is driven by the following primary factors:

> *Legacy Corporate Data Center Obsolescence* Data centers remain expensive to build, operate and maintain with significant upfront capital requirements. With the increasing need for higher power density, cooling infrastructure and network connectivity, companies are faced with the choice of either upgrading their existing facilities or outsourcing to a third-party data center that can provide more advanced networking technology and a more reliable and secure infrastructure. According to Tier1 Research, the average price to construct a data center is approximately $1,100 to $1,300 per raised square foot.[f] By outsourcing their data center needs, enterprises that previously built and operated their own data centers are now able to convert high capital costs into lower operating costs.
>
> *Business Continuity And Disaster Recovery* Organizations are increasingly reliant upon information and communications technology to function properly. Business continuity concerns and disaster recover planning as prudent business practices and in response to requisite regulatory compliance (i.e. Sarbanes Oxley, Health Insurance Portability and Accountability Act), have led to an increasing amount of data storage in secure, off-site facilities with redundant systems enabling businesses to access this data at any point in time, regardless of any failures in their infrastructure. Outsourced data center providers can help enterprises stay in business and meet regulatory requirements by providing superior facilities in diverse locations, with higher uptime and enhanced controls.
>
> *New Technologies* The continued adoption of network-centric technologies such as cloud computing and hosted application services by enterprises are also driving outsourcing trends. These applications have significant processing and storage requirements and need adequate and redundant network connectivity and reduced latency, which is increasingly difficult for in-house data center solutions to provide.
>
> *Network Choice* Data center operators are in many cases able to offer increased access to interconnection opportunities providing enterprises with the flexibility to optimize their connection partners based on their individual requirements. In addition, the ability to connect with a dense network of communications service providers, online media, video and content providers and other entities, can provide enterprises with the optimum solution for their business needs, including redundant connectivity and reduced latency.

Increased Need for Interconnectivity. Network-neutral data centers are increasingly relied upon to support global IP traffic growth, both to house the necessary equipment and infrastructure and to provide a centralized interconnection point where customers can cost-efficiently exchange traffic with each other. Data center providers with facilities housing a large number of networks where IP transit and peering between customers is a critical aspect of their business, see enhanced revenue opportunities as these customers are extremely motivated to colocate in these facilities. These types of customer requirements revolve around superior communication, access to national and international networks and networking opportunities with other customers, including:

- *Communications Service Providers* telecommunications carriers, wireless carriers and Internet service providers that enable the global movement of voice and data traffic;

- *Content Providers* Internet, cable or other media providers that create, maintain or distribute content;

- *Content Delivery Networks* providers of a network of servers delivering large amounts of data or media content; and

- *Web Hosting Providers* providers of infrastructure for making information accessible on the Internet.

These enterprises are increasingly integrating their network-based business applications into their IT environments to drive economies of scale and to achieve greater processing capabilities at lower costs. These applications can cover a host of mission-critical business processes, such as human resource and accounting functionality, sales and customer response management tools and operational efficiency databases. These network-based applications lead to increased requirements for the breadth and depth of interconnection options that are available at interconnection and colocation facilities but more difficult to obtain and manage on an in-house basis.

Types of Data Centers

Customer requirements in the data center industry fall along a continuum from smaller colocation cabinets and cage footprints to larger, dedicated wholesale space. All data center facilities, whether serving wholesale or colocation customers, require the same underlying technical infrastructure, including robust and reliable power and HVAC systems to operate and cool the equipment in the facilities, backup power sources, fire suppression systems, physical security and Internet connectivity.

Wholesale Data Centers. Wholesale data center providers lease space in large blocks ranging from private suites up to entire buildings, with dedicated power and cooling infrastructure, under long-term leases of five to 15 years. Rental rates per square foot at wholesale data centers generally vary in accordance with the amount of electrical power requirements for such space. Key selection criteria for wholesale data center customers include the availability of low-cost electrical power, the quality of the facilities and the reputation of the data center provider. Wholesale customers typically require a minimal amount of operational support from the data center provider and include: enterprise customers who may find it more cost and time-effective to outsource their IT facility needs; colocation and managed hosting and managed services providers; and network carriers.

Carrier-Neutral Colocation. Carrier-neutral colocation data center providers sell space on the basis of individual cabinets or cages generally through one to five year leases. In addition, these providers provide interconnection services which allow customers to access network services and exchange traffic. Key colocation data center selection criteria include the quality of the facility including the power, cooling and security infrastructure, proximity to employees and company offices, network density and reputation of the data center provider. Colocation customers typically require a greater degree of operational support inside the data center, including interconnection services, full facility maintenance and additional services such as smart and remote hands and network monitoring services. Colocation customers encompass a wide range of businesses, including: Fortune 1000 enterprises; network carriers; Internet, media and content companies; content delivery networks; providers of Internet applications, such as Software-as-a-Service and cloud computing; shared, dedicated and managed hosting providers; and small and medium businesses.

Interconnection and Exchange Services

As participants in the global economy have become increasingly dependent upon networks such as the Internet to reliably and efficiently transfer data over long distances, the need has grown for an organized approach to network interconnection that can support the continued rapid growth of IP traffic. Proximity and access to global communications networks have become increasingly important selection criteria for data center customers. Many customers not only seek space within data centers located in major metropolitan markets where global communications networks intersect, but also desire interconnection services within those data centers. Interconnection facilitates the cost efficient exchange of information between communications service providers, enterprises, online media, video and content providers and other entities either directly between two parties (cross connect) or among multiple parties (peering).

Interconnection generally provides a more cost-effective, lower latency, more rapidly deployed method of network traffic exchange than metro fiber or local loop alternatives. Parties interconnecting within a common facility can connect directly, do not require a third party to manage the interconnection once initially established and can exchange data over shorter distances with lower capital requirements. Direct connections are usually via fiber optic or Ethernet cable connected between the communications equipment of the two parties. Peering requires use of intermediate devices such as an Ethernet switch to connect one network to many other networks.

Barriers to Entry to Data Center Business

Despite the increase in demand for data center infrastructure and services, there are significant barriers to entry that we believe would make it difficult for new companies to enter this specialized market.

Significant Cost and Time to Develop Data Centers. Data center construction requires significant time, expertise and capital, which can vary by data center design and geographic location. New data center development requires significant upfront capital expenditures, which present a significant risk for a traditional real estate developer seeking to enter the data center market on a speculative basis. Additionally, financing has been difficult to obtain in the current economic climate with only larger, well-known operators having been able to secure financing to continue their growth. Finally, data center construction requires extensive planning and adherence to local regulatory requirements including permits. Total project length for data center construction, from site selection to completion, can take anywhere from 12 to 24 months.

Strong, Established Track Record with Operational and Technical Expertise. An increasing number of companies consider their application and Internet infrastructure equipment to be the crown jewels of their businesses. New entrants to the market may have difficulty establishing a brand name and reputation that will attract high value customers, who will entrust them with their mission-critical IT infrastructure. Most companies are less likely to enter into long-term leases with data center providers with limited track records of successfully operating large-scale facilities. We believe this represents a significant barrier to new entrants while enabling more established providers to lease up facilities more rapidly by leveraging long-standing customer relationships. Finally, due to the specialized nature of data centers, the key personnel necessary to develop and operate data centers have training that is highly sought after, which, we believe, can make it difficult for a new entrant to assemble a capable team. Some of the skill sets required include experience in commercial real estate, data center design and construction, communications and electrical and mechanical engineering.

Network Density. Communications service providers, content providers, content delivery networks, web hosting providers and other enterprises select a data center in part based on their ability to interconnect easily with a large number of other companies within the data center and large users of telecom bandwidth, creating a network effect that deters these companies from switching data centers. The most well-known and critical points of network density have required years to establish as a result of the need to build out the necessary infrastructure. We believe these points are extremely difficult for a new entrant to replicate, and in each metropolitan market there are typically only a few buildings that have the sufficient critical mass of multiple high-speed optical connections to major network carriers to be characterized as points of interconnection. These points of interconnection are critical to customers because they provide secure, direct access to the point at which traffic is exchanged, which can reduce their overall costs by eliminating local access charges, decreasing their points of failure and increasing their efficiency. The close proximity of numerous interconnection customers within a single facility generates network efficiencies that can result in cost savings and shorter time to market.

BUSINESS AND PROPERTIES

Our Company

We are an owner, developer and operator of strategically located data centers in some of the largest and fastest growing data center markets in the United States, including Los Angeles, the San Francisco Bay and Northern Virginia areas, Chicago and New York City. Our data centers feature advanced power, cooling and security systems, including twenty-four hours a day, seven days a week security staffing, and many are points of dense network interconnection. We are able to satisfy the full spectrum of our customers data center requirements by providing data center space ranging in size from an entire building or large dedicated suite to a cage or cabinet. We lease our space to a broad and growing customer base ranging from enterprise customers to less space-intensive, more network-centric customers. Our operational flexibility allows us to selectively lease data center space to its highest and best use depending on customer demand, regional economies and property characteristics.

As of June 30, 2010, our property portfolio included 11 operating data center facilities, one data center under construction and one development site, which collectively comprise over 2.0 million NRSF, of which over 1.0 million NRSF is existing data center space. These properties include 277,126 NRSF of space readily available for lease, of which 190,788 NRSF is available for lease as data center space. As of June 30, 2010, we had the ability to expand our operating data center square footage by 865,621 NRSF by redeveloping 419,371 NRSF of vacant space and developing 446,250 NRSF of new data center space on land we currently own. We expect that our redevelopment and development potential will enable us to accommodate existing and future customer demand and positions us to significantly increase our cash flows.

Our diverse customer base consists of over 600 customers, including enterprise customers, communications service providers, media and content companies, government agencies and educational institutions. We have a high level of customer retention, which we believe is due to our high-quality facilities and the interconnection opportunities available at many of our data centers. During the second quarter of 2010, we expanded our relationship with our largest customer, Facebook, Inc. This customer represented 13.5% of our annualized rent as of June 30, 2010, and we expect that this customer will account for approximately 10% of our pro forma revenues for the year ending December 31, 2010.

The first data center in our portfolio was purchased in 2000 and since then we have continued to acquire, redevelop, develop and operate these types of facilities. Our data center acquisitions have been historically funded and held through real estate funds affiliated with The Carlyle Group. Our properties are self-managed, including with respect to construction project management in connection with our redevelopment and development initiatives. While we have no present intentions to outsource a significant portion of our property and construction management functions, we may do so at any time, or from time to time, as our business plan dictates.

Our Corporate History

The first data center in our portfolio was purchased in 2000 through an investment by a real estate fund affiliated with Carlyle. Since the acquisition of that data center, we have expanded our portfolio through additional investments by various Carlyle real estate funds or their affiliates. Although our data center portfolio has been owned by these various Carlyle real estate funds or their affiliates, all of our data centers have been operated or managed by our management team since they were initially acquired or developed.

We formed CoreSite Realty Corporation as a Maryland corporation on February 17, 2010, with perpetual existence. We elected to be treated as an S corporation for federal income tax purposes effective as of the date of our incorporation. We will terminate our S corporate status shortly before completion of this offering (ending the S corporation tax year) and intend to qualify as a REIT for federal income tax purposes commencing with our taxable year ending on December 31, 2010. Our corporate offices are located at 1050 17th Street, Suite 800, Denver, CO 80265. Our telephone number is (866) 777-2673. Our website is www.coresite.com. The information contained on, or accessible through, our website is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

Our Competitive Strengths

We believe the following key competitive strengths position us to efficiently scale our business, capitalize on the growing demand for data center space and interconnection services, and thereby grow our cash flow.

High Quality Data Center Portfolio. As of June 30, 2010, our property portfolio included 11 operating data center facilities, one data center under construction and one development site. Much of our data center portfolio has been recently constructed. Specifically, since January 1, 2006, we have redeveloped or developed 620,586 NRSF into data center space, or approximately 57.2% of our current data center portfolio. Based upon our portfolio as of June 30, 2010 and including the completion of the 85,434 NRSF of data center space under construction at that time, 60.3% of our data center portfolio will have been built since January 1, 2006. Our facilities have advanced power and cooling infrastructure with additional power capacity to support continued growth.

Significant Network Density. Many of our data centers are points of dense network interconnection that provide our customers with valuable networking opportunities that help us retain existing customers and attract new ones. We believe that the network connectivity at these data centers provides us with a significant competitive advantage because network-dense facilities offering high levels of connectivity typically take many years to establish. Our portfolio houses over 200 unique network providers, which includes over 100 unique network providers at our One Wilshire property. To facilitate access to these networking opportunities, we provide services enabling interconnection among our data center customers including private cross connections and publicly-switched peering services. Our private cross connection services entail installing fiber, or other connection media, between two customer spaces. Our publicly-switched peering services allow our customers to exchange digitalized information with each other by connecting to our Any^2 Exchange® networking switch. Currently, we actively manage over 9,000 interconnections across our portfolio.

Expansion Capability. By leasing readily available data center space and expanding our operating data center space, we anticipate that we will be able to meet the growing demand from our existing and prospective customers. Our data center facilities currently have 190,788 NRSF of space readily available for lease. We also have the ability to expand our operating data center square footage by approximately 80%, or 865,621 NRSF, by redeveloping 419,371 NRSF of vacant space and developing up to 446,250 NRSF of new data center space on land that we currently own, subject to our obtaining a mitigated negative declaration from the City of Santa Clara. Of this redevelopment and development space, 85,434 NRSF of data center space was under construction as of June 30, 2010. See Description of Our Portfolio Coronado-Stender Business Park, Santa Clara, California.

Facilities in Key Markets. Our portfolio is concentrated in some of the largest and most important U.S. metropolitan markets. As of June 30, 2010, over 70% of our leased operating NRSF, accounting for over 90% of our annualized rent, was located in five of the six North American markets identified by Tier1 Research, LLC as markets of high data center demand.[b] Our data centers are located in Los Angeles, the San Francisco Bay and Northern Virginia areas, Chicago, Boston, New York City and Miami. These locations offer access to the abundant power required to run and cool the facilities. Many of our facilities are also situated in close proximity to hundreds of businesses and corporations, which drives demand for our data center space and interconnection services. We expect to continue benefitting from this proximity as customers seek new, high-quality data center space in our markets.

Diversified Customer Base. We have a diverse, global base of over 600 customers, which we believe is a reflection of our strong reputation and proven track record, as well as our customers trust in our ability to house their mission-critical applications and vital communications technology. As of June 30, 2010, no one customer represented more than 13.5% of our annualized rent and our top ten customers represented 36.7% of our annualized rent. Our diverse customer base spans many industries and includes:

Global Telecommunications Carriers and Internet Service Providers: AT&T Inc., British Telecom (BT Group Plc.), China Netcom Group Corp., China Unicom (Hong Kong) Limited, France Telecom SA, Internap Network Services Corp., Japan Telecom Co., Ltd., Korea Telecom Corporation, Singapore

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Telecom Ltd., Sprint Nextel Corporation, Tata Communications Ltd., Telmex U.S.A., L.L.C. and Verizon Communications Inc.;

Enterprise Companies, Financial and Educational Institutions and Government Agencies: Computer Science Corporation, the Government of the District of Columbia, Macmillan Inc., Microsoft Corporation, The NASDAQ OMX Group, Inc., NYSE Euronext and the University of Southern California; and

Media and Content Providers: Akamai Technologies, Inc., CDNetworks Co. Ltd., DreamWorks Animation SKG, Inc., Facebook, Inc., Google Inc., NBC Universal Inc., Sony Pictures Imageworks Inc. and Warner Brothers Entertainment, Inc.

Experienced Management Team. Our management team has significant experience in the real estate, communications and technology industries. Notably, our Chief Executive Officer has over 22 years of experience in the acquisition, financing and operation of commercial real estate, which includes over 11 years in the data center industry and five years at publicly traded REITs. Additionally, our Chief Financial Officer has approximately 16 years of financial experience, including nearly ten years with a publicly traded REIT. Several members of our management team have also been with us for a significant tenure which, we believe, leads to operational efficiencies. Specifically, our Chief Executive Officer, Chief Financial Officer, Senior Vice President of Acquisitions, Senior Vice President of Marketing and Senior Vice President of Operations have served our company in roles of increasing importance for ten, five, eight, seven and four years, respectively. Our Chief Financial Officer, Ms. Deedee Beckman, has indicated to us that for personal reasons she would like to reduce her service to our company to a part-time basis at a reasonable and mutually convenient time. At such future time, Ms. Beckman would voluntarily resign from her position as our Chief Financial Officer. No date has been set for her transition from her current position as Chief Financial Officer, although we have commenced a search to identify a qualified candidate to succeed her in that capacity. Ms. Beckman will continue to serve as our Chief Financial Officer until we find a suitable replacement and, thereafter, for a period of time to assist in the transition process. We and Ms. Beckman have also expressed a mutual desire for her to continue as a permanent part-time employee following this transition. We believe our management team s significant expertise in acquiring, redeveloping, developing and operating efficient data center properties has enabled us to offer customer-focused solutions.

Balance Sheet Positioned to Fund Continued Growth. Following completion of this offering, we believe we will be conservatively capitalized with sufficient funds and available capacity to pursue our anticipated redevelopment and development plans. After giving effect to the Restructuring Transactions, the Financing Transactions and the use of proceeds therefrom as described more fully below, as of June 30, 2010, we would have had approximately $124.9 million of total long-term debt (excluding a $2.0 million fair value of debt adjustment resulting from the Restructuring Transactions) equal to approximately 12.7% of the undepreciated book value of our total assets. See Prospectus Summary The Restructuring Transactions and Prospectus Summary The Financing Transactions. In addition, we expect to have $ million of cash available on our balance sheet and the ability to borrow up to an additional $ million under a new $110.0 million revolving credit facility, subject to satisfying certain financial tests. We may also incur additional indebtedness to pursue our redevelopment and development plans. Upon completion of this offering, there will be no limits on the amount of indebtedness we may incur other than limits contained in our revolving credit facility, mortgage loans or future agreements that we may enter into or as may be set forth in any policy limiting the amount of indebtedness we may incur adopted by our Board of Directors. See Policies with Respect to Certain Activities Financing Policies and Risk Factors Risks Related to Our Business and Operations Our level of indebtedness and debt service obligations could have adverse effects on our business. We believe this available capital will be sufficient to fund our general corporate needs, including the completion of 85,434 NRSF of data center space under construction as of June 30, 2010 and the redevelopment or development of an additional 99,578 NRSF of space prior to December 31, 2011, of which 82,620 NRSF is planned data center space and 16,958 NRSF is ancillary data center support space.

Business and Growth Strategies

Our business objective is to continue growing our position as a provider of strategically located data center space in North America. The key elements of our strategy are as follows:

Increase Cash Flow of Our In-Place Data Center Space. We actively manage and lease our properties to increase cash flow by:

Increasing Rents. Approximately 90% of our annualized rent as of June 30, 2010 was derived from data center leases. Additionally, the occupancy rate of our data centers has remained strong with over 81% of our data center operating space under lease as of June 30, 2010 and December 31, 2009. We believe that the average rental rate for our in-place data center leases is substantially below market and that our ability to renew these leases at market rates provides us with an opportunity to increase our cash flows. We renewed approximately 75% of our data center leases that expired during the year ended December 31, 2009, while increasing rents under data center leases renewed or newly-leased during the year. The dollar-weighted average rental rate per NRSF of the leases for our data center space renewed or newly-leased during 2009 was approximately 25% greater than that of the data center leases expiring in the same facilities during the year. We also believe that many of our data center leases that are contractually scheduled to expire during 2010 are at rental rates meaningfully below current market rates. Specifically, the dollar-weighted average rental rate per NRSF of data center leases we renewed or newly-leased in 2009 was over 25% greater than that of the data center leases contractually scheduled to expire in the same facilities during 2010. Additionally, the dollar-weighted average rental rate per NRSF of our data center leases renewed during the six months ended June 30, 2010 was approximately 25% greater than that of the data center leases expiring in the same facilities during that period.

Leasing up Available Space and Power. We have the ability to increase both our revenue and our revenue per square foot by leasing additional space and power to new and existing data center customers. As of June 30, 2010, substantially all of our data center facilities offered our customers the ability to increase their square footage under lease as well as the amount of power they use per square foot. In total, our existing data center facilities have 190,788 NRSF of space available for lease. We believe this space, together with available power, enables us to generate incremental revenue within our existing data center footprint without necessitating extensive capital expenditures. Additionally, we have a substantial in-house leasing function. During the six fiscal quarters ended June 30, 2010, over 90% of the leases we entered into during the period were executed without the assistance of a procuring broker or agent.

Capitalize on Embedded Expansion Opportunities. Our portfolio includes 419,371 NRSF of vacant space that can be redeveloped into data center space. We believe that redevelopment provides attractive risk-adjusted returns because by leveraging existing in-place infrastructure and entitlements we are typically able to deliver redevelopment space at a lower cost and faster time-to-market than ground-up development. In many cases we are able to strategically deploy capital by redeveloping space in incremental phases to meet customer demand.

In addition to our redevelopment space, as of June 30, 2010, our portfolio included a 15.75-acre property housing seven buildings in Santa Clara, California. The Coronado-Stender Business Park currently includes:

2901 Coronado, a 50,000 NRSF data center on 3.14 acres, representing the first phase of our development at the Coronado-Stender Business Park, which we completed during the second quarter of 2010. During March 2010, we fully leased this space to a leading online social networking company pursuant to a six-year lease;

2972 Stender, a 50,400 NRSF data center under construction on 3.51 acres, which represents the second phase of our development at the Coronado-Stender Business Park. We have submitted a request for a mitigated negative declaration from the City of Santa Clara to enable us to construct up to an additional 50,600 NRSF at this building, for a total of up to 101,000 NRSF of data center space. Should we obtain entitlements to construct the additional 50,600 NRSF and, provided we then believe

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market demand warrants and that it would be the best use of our capital available for expansion, we may elect to construct the entire 101,000 NRSF of space, comprised of the initial 50,400 NRSF of data center space plus the incremental 50,600 NRSF of unconditioned core and shell space held for potential future development into data center space; and

the Coronado-Stender Properties, a 9.1 acre development site with five buildings consisting of 78,800 NRSF of office and light-industrial operating space and 50,400 NRSF of vacant space on land held for development, portions of which generate revenue under short-term leases. This development site currently provides us with the ability to develop additional data center space in one of the fastest growing and most important data center markets in North America. We currently have the ability to develop 129,200 NRSF of data center space at the Coronado-Stender Properties and, subject to our obtaining a mitigated negative declaration from the City of Santa Clara, we believe that we will be able to develop an additional 216,050 NRSF, or up to 345,250 NRSF in the aggregate, of data center space at this property. See Description of Our Portfolio Coronado-Stender Business Park, Santa Clara, California.

Upon completion of the Restructuring Transactions and the Financing Transactions as described more fully below, we believe that we will have sufficient capital to execute our redevelopment and development plans as demand dictates.

The following table summarizes the redevelopment and development plans throughout our portfolio.

	Operating NRSF			Currently Vacant Redevelopment/Development NRSF				Currently Oper Redevelopme Development N	
	Data Center	Office & Light Industrial	Total	Under Construction[1]	Near-Term[2]	Long-Term	Total Facility NRSF	Near-Term[2]	Long
31, 2010									
	156,521	7,500	164,021				164,021		
da	256,690	16,622	273,312	16,126		144,721	434,159		10
	84,045	205,846	289,891				289,891		
Valley	116,498	38,350	154,848		72,269	35,652	262,769		
e	129,790	45,283	175,073		5,309		180,382	22,000	2
ay	71,847		71,847		4,829		76,676		
	118,991	2,600	121,591	25,118		129,897	276,606		
the Americas	48,404		48,404				48,404		
	22,137		22,137				22,137		
d Street	30,176	1,641	31,817			13,447	45,264		
o				50,000			50,000		
nder Properties		129,200	129,200				129,200		12
		50,400	50,400				50,400	50,400	
es	**1,035,099**	**497,442**	**1,532,541**	**91,244**	**82,407**	**323,717**	**2,029,909**	**72,400**	**25**
, 2010									
	156,521	7,500	164,021				164,021		
da	256,690	16,622	273,312	16,126		144,721	434,159		10

	84,045	205,846	289,891				289,891		
Valley	116,498	38,350	154,848		72,269	35,652	262,769		
e	129,790	45,283	175,073		5,309		180,382	22,000	2
ay	71,847		71,847	4,829			76,676		
	118,991	2,600	121,591	25,118		129,897	276,606		
the Americas	48,404		48,404				48,404		
	22,137		22,137				22,137		
d Street	30,176	1,641	31,817			13,447	45,264		
o	50,000		50,000				50,000		
nder Properties(3)		78,800	78,800			50,400	129,200		7
4)				50,400			50,400		
es	**1,085,099**	**396,642**	**1,481,741**	**96,473**	**77,578**	**374,117**	**2,029,909**	**22,000**	**20**
m Prior Quarter	**50,000**	**(100,800)**	**(50,800)**	**5,229**	**(4,829)**	**50,400**		**(50,400)**	**(**

(1) Reflects NRSF at a facility for which the initiation of substantial activities to prepare the property for its intended use following redevelopment or development, as applicable, has commenced prior to the applicable period.

(2) Reflects NRSF at a facility for which the initiation of substantial activities to prepare the property for its intended use following redevelopment or development, as applicable, is planned to commence after June 30, 2010 but prior to December 31, 2011.

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(3) We currently have the ability to develop 129,200 NRSF of data center space at the Coronado-Stender Properties. We have submitted a request for a mitigated negative declaration from the City of Santa Clara to enable us to construct up to an additional 216,050 NRSF at this property, for a total of up to 345,250 NRSF of data center space.

(4) We currently have the ability to develop 50,400 NRSF of data center space at 2972 Stender. We have submitted a request for a mitigated negative declaration from the City of Santa Clara to enable us to construct up to an additional 50,600 NRSF at this building, for a total of up to 101,000 NRSF of data center space. We are under construction on the currently entitled 50,400 NRSF of data center space. Should we obtain entitlements to construct the additional 50,600 NRSF and, provided we then believe market demand warrants and that it would be the best use of our capital available for expansion, we may elect to construct the entire 101,000 NRSF of space, comprised of the initial 50,400 NRSF of data center space plus the incremental 50,600 NRSF of unconditioned core and shell space held for potential future development into data center space.

The following table summarizes the near-term future redevelopment and development plans throughout our portfolio, including the costs associated therewith.

	Near-Term Redevelopment/ Development NRSF(1)				Near-Term Redevelopment/ Development Costs ($000)		
Facilities	**Under Construction**	**Currently Vacant Near-Term**	**Currently Operating Near-Term**	**Total**	**Actual**	**Estimate to Completion(2)**	**Total**
As of June 30, 2010							
One Wilshire					$	$	$
900 N. Alameda	16,126			16,126	1,000	3,600	4,600
55 S. Market							
12100 Sunrise Valley(3)		72,269		72,269		37,500	37,500
427 S. LaSalle		5,309	22,000	27,309		21,500	21,500
1656 McCarthy	4,829			4,829		1,500	1,500
70 Innerbelt(4)	25,118			25,118	5,000	3,500	8,500
32 Avenue of the Americas							
1275 K Street							
2115 NW 22nd Street							
2901 Coronado							
Coronado-Stender Properties							
2972 Stender(5)	50,400			50,400		67,000	67,000
Total Facilities	**96,473**	**77,578**	**22,000**	**196,051**	**$ 6,000**	**$ 134,600**	**$ 140,600**

(1) Reflects NRSF at a facility for which the initiation of substantial activities to prepare the property for its intended use following redevelopment or development, as applicable, has commenced or is planned to commence prior to December 31, 2011.

(2) Reflects management s estimate of cost of completion based upon the actual cost of the percentage of redevelopment or development, as applicable, completed as of the indicated date at a facility or, in the case of a facility where no construction costs have been incurred as of the indicated date, management s estimates based

upon engineers drawings and construction bids.

(3) Includes the redevelopment of 16,958 NRSF of hybrid office space to support data center uses at a cost of $700,000.

(4) Near-term under construction NRSF includes 11,039 NRSF being redeveloped as hybrid office space to support data center uses.

(5) We currently have the ability to develop 50,400 NRSF of data center space at 2972 Stender. We have submitted a request for a mitigated negative declaration from the City of Santa Clara to enable us to construct up to an additional 50,600 NRSF at this building, for a total of up to 101,000 NRSF of data center space. We are under construction on the currently entitled 50,400 NRSF of data center space. Should we obtain entitlements to construct the additional 50,600 NRSF and provided we then believe market demand warrants and that it would be the best use of our capital available for expansion, we may elect to construct the entire 101,000 NRSF of space, comprised of the initial 50,400 NRSF of data center space plus the incremental 50,600 NRSF of unconditioned core and shell space held for potential future development into data center space. The cost of the core and shell space is estimated to be $200 per NRSF, or $10.1 million. This amount is included in the Estimate to Complete and Total amounts for 2972 Stender above.

Selectively Pursue Acquisition Opportunities in New and Existing Markets. We intend to seek opportunities to acquire existing or potential data center space in key markets with abundant power and/or dense points of interconnection that will expand our customer base and broaden our geographic footprint. Such acquisitions may entail subsequent redevelopment or development which, in either case, often requires significant capital expenditures. We will also continue to implement our hub-and-spoke strategy that we have successfully deployed in our three largest markets, Los Angeles and the San Francisco Bay and Northern Virginia areas. In these markets, we have extended our data center footprint by connecting our newer facilities, the spokes, to our established data centers, our hubs, which allows our customers leasing space at the spokes to leverage the significant interconnection capabilities of our hubs. In order to deploy our hub-and-spoke strategy, we rely on third-party providers of network connectivity in order to establish highly reliable network

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connectivity within and between certain of our data centers. While we rely on third-party providers for this service, we are not substantially dependent upon any one service provider of network connectivity.

Leverage Existing Customer Relationships and Reach New Customers. Our strong customer and industry relationships, combined with our national footprint and sales force, afford us insight into the size, timing and location of customers planned growth. We have historically been successful in leveraging this market visibility to expand our footprint and customer base in existing and new markets. We intend to continue to strengthen our relationship with existing customers, including the pursuit of build-to-suit opportunities, and to expand and diversify our customer base by targeting growing enterprise customers and segments, such as healthcare, financial services, media and entertainment companies, and local, state and federal governments and agencies.

Our Portfolio

The following table provides an overview of our properties as of June 30, 2010 after giving effect to the Restructuring Transactions.

			NRSF						Red
					Operating[1] Office and Light-Industrial[3]				D
		Annualized	Data Center[2]				Total		
tropolitan Area	Acquisition Date[5]	Rent ($000)[6]	Total	Percent Leased[7]	Total	Percent Leased[7]	Total[8]	Percent Leased[7]	Under Construction(
ngeles	Aug. 2007	$ 20,391	156,521	74.1%	7,500	62.2%	164,021	73.6%	
ngeles	Oct. 2006	11,044	256,690	91.1	16,622	7.1	273,312	86.0	16,126
ancisco Bay	Feb. 2000	11,003	84,045	86.5	205,846	77.9	289,891	80.4	
rn Virginia	Dec. 2007	8,838	116,498	70.5	38,350	99.2	154,848	77.6	
ancisco Bay	Dec. 2006	6,507	71,847	85.7			71,847	85.7	4,829
go	Feb. 2007	5,950	129,790	74.5	45,283	100.0	175,073	81.1	
n	Apr. 2007	5,506	118,991	94.0	2,600	57.1	121,591	93.2	25,118
ork	June 2007	3,730	48,404	68.8			48,404	58.8	
rn Virginia	June 2006	1,914	22,137	96.6			22,137	96.6	
	June 2006	1,314	30,176	49.4	1,641	40.2	31,817	49.0	
ancisco Bay	Feb. 2007	8,820	50,000	100.0			50,000	100.0	
ancisco Bay	Feb. 2007	678			78,800	74.3	78,800	74.3	
ancisco Bay	Feb. 2007								50,400
		$ 85,695	**1,085,099**	**82.4%**	**396,642**	**78.2%**	**1,481,741**	**81.3%**	**96,473**

* Indicates properties in which we hold a leasehold interest.

(1) Represents the square feet at a building under lease as specified in existing customer lease agreements plus management s estimate of space available for lease to customers based on engineers drawings and other factors, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas. Total NRSF at a given facility includes the total operating NRSF and total

redevelopment and development NRSF, but excludes our office space at a facility and our corporate headquarters.

(2) Represents the NRSF at an operating facility that is currently leased or readily available for lease as data center space. Both leased and available data center NRSF include a customer s proportionate share of the required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.

(3) Represents the NRSF at an operating facility that is currently leased or readily available for lease as space other than data center space, which is typically space offered for office or light-industrial use.

(4) Represents vacant space in our portfolio that requires significant capital investment in order to redevelop or develop into data center facilities. Total redevelopment and development NRSF and total operating NRSF represent the total NRSF at a given facility.

(5) Represents the date a property was acquired by a Carlyle real estate fund or, in the case of a property under lease, the date the initial lease commenced for the property.

(6) Represents the monthly contractual rent under existing customer leases as of June 30, 2010 multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and, for any customer under a modified gross or triple-net lease, it excludes the operating expense reimbursement attributable to those leases. Total abatements for leases in effect as of June 30, 2010 for the 12 months ending June 30, 2011 were $26,303. On a gross basis, our annualized rent was approximately $90,792,000 as of June 30, 2010, which reflects the addition of $5,097,139 in operating expense reimbursements to contractual net rent under modified gross and triple-net leases.

(7) Includes customer leases in effect as of June 30, 2010. The percent leased is determined based on leased square feet as a proportion of total operating NRSF.

(8) Represents the NRSF at an operating facility currently leased or readily available for lease. This excludes existing vacant space held for redevelopment or development.

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(9) Reflects NRSF for which substantial activities are ongoing to prepare the property for its intended use following redevelopment or development, as applicable. Of the 96,473 NRSF under construction as of June 30, 2010, 85,434 NRSF was data center space and 11,039 NRSF was ancillary data center support space.

(10) We currently have the ability to develop 129,200 NRSF of data center space at the Coronado-Stender Properties and, subject to our obtaining a mitigated negative declaration from the City of Santa Clara, we believe that we will be able to develop an additional 216,050 NRSF, or up to 345,250 NRSF in the aggregate, of data center space at this property. See Description of Our Portfolio Coronado-Stender Business Park, Santa Clara, California.

(11) We currently have the ability to develop 50,400 NRSF of data center space at 2972 Stender. We have submitted a request for a mitigated negative declaration from the City of Santa Clara to enable us to construct up to an additional 50,600 NRSF at this building, for a total of up to 101,000 NRSF of data center space. We are under construction on the currently entitled 50,400 NRSF of data center space. Should we obtain entitlements to construct the additional 50,600 NRSF and, provided we then believe market demand warrants and that it would be the best use of our capital available for expansion, we may elect to construct the entire 101,000 NRSF of space, comprised of the initial 50,400 NRSF of data center space plus the incremental 50,600 NRSF of unconditioned core and shell space held for potential future development into data center space. See Description of Our Portfolio Coronado-Stender Business Park, Santa Clara, California.

Customer Diversification

As of June 30, 2010, our portfolio was leased to over 600 customers, many of which are nationally recognized firms. The following table sets forth information regarding the ten largest customers in our portfolio based on annualized rent as of June 30, 2010.

	Customer	Number of Locations	Total Leased NRSF(1)	Percentage of Total Operating NRSF(2)	Annualized Rent ($000)(3)	Percentage of Annualized Rent(4)	Weighted Average Remaining Lease Term in Months(5)
1	Facebook, Inc.	3	74,104	5.0%	$ 11,554	13.5%	63
2	General Services Administration-IRS*(6)	1	132,370	8.9	3,427	4.0	23
3	Sprint Communications Corporation	4	104,796	7.1	3,256	3.8	19
4	Verizon Communications	7	73,840	5.0	2,452	2.9	56
5	Gov t of District of Columbia	2	22,118	1.5	2,116	2.5	37
6	Tata Communications	2	52,942	3.6	2,093	2.4	20
7	Nuance Communications	1	17,156	1.2	1,756	2.0	99
8	Computer Sciences Corporation	1	18,950	1.3	1,688	2.0	80
9	NBC Universal	1	17,901	1.2	1,620	1.9	25
10	Akamai Technologies	2	13,063	0.9	1,491	1.7	9
	Total/Weighted Average		527,240	35.7%	$ 31,453	36.7%	43

* Denotes customer using space predominantly for general office purposes.

(1) Total leased NRSF is determined based on contractually leased square feet for leases that have commenced on or before June 30, 2010. We calculate occupancy based on factors in addition to contractually leased square feet, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.

(2) Represents the customer s total leased square feet divided by the total operating NRSF in the portfolio which, as of June 30, 2010, consisted of 1,481,741 NRSF.

(3) Represents the monthly contractual rent under existing customer leases as of June 30, 2010 multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and, for any customer under a modified gross or triple-net lease, it excludes the operating expense reimbursement attributable to those leases.

(4) Represents the customer s total annualized rent divided by the total annualized rent in the portfolio as of June 30, 2010, which was approximately $85,695,228.

(5) Weighted average based on percentage of total annualized rent expiring and is as of June 30, 2010.

(6) The data presented represents an interim lease in place that expires in May 2012. Upon expiration of the interim lease and the substantial completion of tenant improvements by us, a new lease that has been executed by both parties will commence. That lease includes 119,729 NRSF with a ten year term and a termination option at the end of year eight.

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Lease Distribution

The following table sets forth information relating to the distribution of leases in the properties in our portfolio, based on NRSF (excluding space held for redevelopment or development) under lease as of June 30, 2010.

Square Feet Under Lease[1]	Number of Leases[2]	Percentage of All Leases	Total Operating NRSF of Leases[3]	Percentage of Total Operating NRSF	Annualized Rent ($000)[4]	Percentage of Annualized Rent
Available[5]		%	277,126	18.7%	$	%
1,000 or less	873	86.8	149,124	10.1	23,938	27.9
1,001 2,000	57	5.6	84,193	5.7	9,734	11.4
2,001 5,000	45	4.5	132,158	8.9	11,240	13.1
5,001 10,000	11	1.1	76,966	5.2	5,566	6.5
10,001 25,000	11	1.1	187,810	12.7	13,382	15.6
Greater than 25,000	9	0.9	574,364	38.7	21,835	25.5
Portfolio Total	**1,006**	**100.0%**	**1,481,741**	**100.0%**	**$ 85,695**	**100.0%**

(1) Represents all leases in our portfolio, including data center, office and light-industrial leases.
(2) Includes leases that upon expiration will be automatically renewed, primarily on a month-to-month basis. Number of leases represents each agreement with a customer; a lease agreement could include multiple spaces and a customer could have multiple leases.
(3) Represents the square feet at a building under lease as specified in the lease agreements plus management s estimate of space available for lease to third parties based on engineer s drawings and other factors, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.
(4) Represents the monthly contractual rent under existing customer leases as of June 30, 2010 multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and, for any customer under a modified gross or triple-net lease, it excludes the operating expense reimbursement attributable to those leases.
(5) Excludes approximately 447,386 vacant NRSF held for redevelopment or development at June 30, 2010.

Lease Expirations

The following table sets forth a summary schedule of the expirations for leases in place as of June 30, 2010, plus available space, for the remainder of 2010 and for each of the ten full calendar years beginning January 1, 2011 at the properties in our portfolio. Unless otherwise stated in the footnotes, the information set forth in the table assumes that customers exercise no renewal options and all early termination rights.

Year of Lease Expiration	Number of Leases Expiring[(1)]	Total Operating NRSF of Expiring Leases	Percentage of Total Operating NRSF	Annualized Rent ($000)[(2)]	Percentage of Annualized Rent	Annualized Rent Per Leased NRSF[(3)]	Annualized Rent at Expiration ($000)[(4)]	Annualized Rent Per Leased NRSF at Expiration[(5)]
Available as of June 30, 2010[(6)]		277,126	18.7%	$	%	$	$	$
Remainder of 2010	302	121,608	8.2	12,312	14.4	101.24	12,314	101.26
2011	308	264,911	17.9	17,433	20.4	65.81	17,960	67.80
2012[(7)]	184	361,723	24.4	22,307	26.0	61.67	23,198	64.13
2013	117	118,686	8.0	10,723	12.5	90.35	11,763	99.11
2014	45	45,793	3.1	4,070	4.8	88.88	4,695	102.53
2015	16	46,531	3.1	1,125	1.3	24.18	1,278	27.47
2016[(8)]	5	70,526	4.8	5,794	6.8	82.15	6,722	95.31
2017	18	57,677	3.9	8,003	9.3	138.76	9,806	170.02
2018	5	21,377	1.4	2,147	2.5	100.44	2,966	138.75
2019	1	71,062	4.8	1,234	1.4	17.37	1,444	20.32
2020-Thereafter	5	24,721	1.7	547	0.6	22.13	832	33.66
Total / Weighted Average	**1,006**	**1,481,741**	**100.0%**	**$ 85,695**	**100.0%**	**$ 71.14**	**$ 92,978**	**$ 77.18**

(1) Includes leases that upon expiration will be automatically renewed, primarily on a month-to-month basis. Number of leases represents each agreement with a customer; a lease agreement could include multiple spaces and a customer could have multiple leases.

(2) Represents the monthly contractual rent under existing customer leases as of June 30, 2010 multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and, for any customer under a modified gross or triple-net lease, it excludes the operating expense reimbursement attributable to those leases.

(3) Annualized rent as defined above, divided by the square footage of leases expiring in the given year.

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(4) Represents the final monthly contractual rent under existing customer leases as of June 30, 2010 multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and, for any customer under a modified gross or triple-net lease, it excludes the operating expense reimbursement attributable to those leases.
(5) Annualized rent at expiration as defined above, divided by the square footage of leases expiring in the given year. This metric highlights the rent growth inherent in the existing base of lease agreements.
(6) Excludes approximately 447,386 vacant NRSF held for redevelopment or development at June 30, 2010.
(7) The GSA lease represents an interim lease in place that expires in May 31, 2012. Upon the expiration of the interim lease and the substantial completion of tenant improvements by us, a new lease that has been executed by both parties will commence. This lease includes 119,729 NRSF with a ten-year term and a termination option at the end of year eight.
(8) Total operating NRSF of expiring leases in 2016 reflects the expiration of a portion of a 50,000 NRSF lease expiring in 2017 equal to 25,000 NRSF. See Description of Our Portfolio Coronado-Stender Business Park, Santa Clara, California.

Description of Our Portfolio

Our property portfolio includes 11 operating data center facilities, one data center under construction and one development property, which collectively comprise over 2.0 million NRSF, of which over 1.0 million NRSF is existing data center space. These properties include 277,126 NRSF of space readily available for lease, of which 190,788 NRSF is available for lease as data center space. Our portfolio also contains 419,371 NRSF of existing space within our operating properties that we believe can be redeveloped or developed into data center space, of which 85,434 NRSF was under construction as of June 30, 2010. Additionally, we own 9.1 acres of property in Santa Clara, California housing five buildings and currently consisting of 78,800 NRSF of office and light-industrial space and 50,400 NRSF of vacant space on land held for development. Set forth below is additional information for each of these properties as of June 30, 2010.

One Wilshire, Los Angeles, California (Via Leasehold Interest)

Our leasehold interest at One Wilshire commenced in August 2007 and comprises 172,970 total square feet, of which 164,021 NRSF is data center and ancillary support space. The remaining space consists of office space for our company s staff and management.

One Wilshire is a 664,108 square-foot, 30-story office tower located in downtown Los Angeles, California. One Wilshire is generally recognized as one of the most important points of interconnection in the western U.S. at which over 300 customers and voice, data and network service providers interconnect. The property is the premier communications hub connecting North America and Asia and is described in Tier1 s Internet Datacenter Supply 2010 Report as the connection hub for trans-Pacific traffic.[c] One Wilshire s aggregation of service providers creates a powerful and cost-effective operating environment for customers to interconnect and pass traffic between their networks.

The following table presents certain summary data regarding our space at the building:

	NRSF					
	Total	Total Data	Total Office & Light-	Existing Vacant Data Center	Available Utility Power	Number of

Operating Facility	Operating	Center	Industrial	Redevelopment	(MW)	Customers
One Wilshire	164,021	156,521	7,500		14	326

The following table is a summary of key terms of our leasehold interest:

Total Leased Square Feet	Lease Commencement Date	Lease Expiration Date	Rent Expense ($000)(1)	Annualized Rent Per Leased Square Foot	Renewal Options	Option Rent	Remaining Contractual Value ($000)(2)
172,970	Aug. 2007	July 2017	$ 11,725	$ 67.79	3 x 5 yrs	103% of previous monthly base rent	$ 93,418

(1) Represents the contractual base rent considerations paid by us for the 12-month period ended June 30, 2010.
(2) Represents the remaining contractual base rent considerations owed under the lease through the initial term, from the period commencing July 1, 2010. This figure includes contractual annual rent escalations fixed at 3.0%.

When the primary term of our lease expires, we have the right to extend the lease for three additional five-year terms as indicated above. If we do not elect to renew the lease, the costs of relocating the equipment and redeveloping a new location into a high-quality data center could be prohibitive. In addition, we could lose customers due to the disruptions in their operations caused by the relocation. We could also lose those customers that choose our data centers based on their locations. Further, we may be unable to maintain good working relationships with our landlord, Hines REIT, which could result in our eviction and result in the loss of current customers.

We have a large and diverse customer base at One Wilshire and no single customer represents more than 6.4% of our total operating NRSF at the property.

The following table sets forth the available space at One Wilshire as of June 30, 2010 and the expirations for leases in place within our leasehold interest in One Wilshire as of June 30, 2010 for the remainder of 2010 and for each of the ten full calendar years beginning January 1, 2011, assuming that customers exercise no renewal options and all early termination options.

Year of Lease Expiration	**Number of Leases Expiring**	**Operating NRSF of Expiring Leases(1)**	**Percentage of Facility Operating NRSF**	**Annualized Rent**	**Percentage of Facility Annualized Rent**	**Annualized Rent per Leased NRSF**	**Annualized Rent at Expiration**	**Annualized Rent per Leased NRSF at Expiration**
Available as of June 30, 2010		43,305	26.4%	$	%	$	$	$
Remainder of 2010	119	41,446	25.3	5,306,520	26.0	128.03	5,306,520	128.03
2011	105	29,504	18.0	4,822,699	23.7	163.46	4,902,622	166.17
2012	71	18,858	11.5	4,037,382	19.8	214.09	4,247,911	225.26
2013	40	18,501	11.3	3,592,040	17.6	194.15	3,926,057	212.21
2014	15	7,297	4.4	1,050,133	5.2	143.91	1,172,255	160.65
2015	7	1,156	0.7	455,467	2.2	394.00	520,218	450.02
2016								
2017	10	3,954	2.4	1,126,448	5.5	284.89	1,400,375	354.17
2018								
2019								
2020-Thereafter								
Total/Weighted Average	**367**	**164,021**	**100.0%**	**$ 20,390,689**	**100.0%**	**$ 168.91**	**$ 21,475,958**	**$ 177.90**

(1) Represents aggregate NRSF available for lease at the facility for purposes of the line item entitled Available as of June 30, 2010.

The following table sets forth the percentage leased and annualized rent per leased square foot we charge our customers at One Wilshire, along with total operating NRSF, as of the indicated dates:

	Facility Total Operating	**Annualized Rent per**

Date[(1)]	NRSF[(2)]	Percent Leased	Leased NRSF
June 30, 2010	164,021	73.6%	$ 168.91
December 31, 2009	164,021	78.8	159.72
December 31, 2008	164,021	79.7	141.06
December 31, 2007	142,769	78.7	131.82

(1) Because our lease commenced on this property in 2007, we are unable to present information in a similar manner for years prior to 2007.

(2) The facility total operating NRSF may fluctuate as office or shell space is taken offline to convert to data center space and subsequently becomes operational again as data center space.

Other than normally recurring capital expenditures to repair and maintain existing spaces, we have no plans to redevelop additional data center space at One Wilshire.

Upon completion of this offering, our leasehold interest in One Wilshire will not be encumbered by any lien security debt.

As a tenant at One Wilshire, we do not directly pay real estate taxes as these taxes are included in operating expense recoveries collected by the landlord. We do, however, pay taxes to the Los Angeles County Assessor on personal property we own at the building. For the July 1, 2009 to June 30, 2010 fiscal tax year, these taxes totaled $371,446.

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55 S. Market, San Jose, California

55 S. Market is a 15-story office and telecommunications tower located in downtown San Jose, California. 55 S. Market established its position as an important communications building in the early 1990s when a predecessor to Verizon Communications installed one of the nation s first internet network access points, or NAP, in the property known as the MAE West. Following the installation of the MAE West NAP, a large number of communications companies located within the building. Currently there are over 100 customers and voice, data and network service providers that take advantage of the dense interconnection opportunities present at the property. The aggregation of service providers at 55 S. Market creates a cost-effective operating environment for customers to interconnect and pass traffic between their networks.

An affiliate of The Carlyle Group purchased the property on February 2, 2000. Since its acquisition, Carlyle has redeveloped 49,907 NRSF of data center space and improved the power, cooling and interconnection capabilities at the property.

The following table presents certain summary data regarding our space at the building:

	NRSF					
Operating Facility	**Total Operating**	**Total Data Center**	**Total Office & Light-Industrial**	**Existing Vacant Data Center Redevelopment**	**Available Utility Power (MW)**	**Number of Customers**
55 S. Market	289,891	84,045	205,846		9	127

The following table summarizes information regarding the primary customers of 55 S. Market that lease 10% or more of total operating NRSF as of June 30, 2010:

Principal Nature of Business of Customer	**Lease Expiration**	**Renewal Options**	**Total Leased NRSF(1)**	**Percentage of Facility Total Operating NRSF**	**Annualized Rent**	**Percentage of Facility Annualized Rent**	**Annualized Rent Per Leased NRSF**
Federal Services	May 2012	None	132,370	45.7%	$ 3,427,206	31.1%	$ 25.89
Telecommunications	May 2012	2 x 5 yrs	49,590	17.1	1,742,712	15.9	35.14
Total/Weighted Average			**181,960**	**62.8%**	**$ 5,169,918**	**47.0%**	**$ 28.41**

(1) Total leased NRSF is determined based on contractually leased square feet for leases that have commenced on or before June 30, 2010, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.
(2) The Federal Services lease represents an interim lease in place that expires in May 31, 2012. Upon the expiration of the interim lease and the substantial completion of tenant improvements by us, a new lease that has been executed by both parties will commence. This lease includes 119,729 NRSF with a ten-year term and a termination option at the end of year eight.

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The following table sets forth the available space at 55 S. Market as of June 30, 2010 and the expirations for leases in place at 55 S. Market as of June 30, 2010 for the remainder of 2010 and for each of the ten full calendar years beginning January 1, 2011, assuming that customers exercise no renewal options and all early termination options.

Year of Lease Expiration	Number of Leases Expiring	Operating NRSF of Expiring Leases(1)	Percentage of Facility Operating NRSF	Annualized Rent	Percentage of Facility Annualized Rent	Annualized Rent per Leased NRSF	Annualized Rent at Expiration	Annualized Rent per Leased NRSF at Expiration
Available as of June 30, 2010		56,786	19.6%	$	%	$	$	$
Remainder of 2010	47	14,448	5.0	1,430,207	13.0	98.99	1,430,207	98.99
2011	38	12,141	4.2	1,443,024	13.1	118.86	1,471,842	121.23
2012	20	192,115	66.2	6,652,467	60.5	34.63	6,790,983	35.35
2013	20	6,331	2.2	769,424	7.0	121.53	809,632	127.88
2014	6	5,936	2.0	452,253	4.1	76.19	506,337	85.30
2015	2	158	0.1					
2016								
2017	1	1,976	0.7	255,563	2.3	129.33	255,563	129.33
2018								
2019								
2020-Thereafter								
Total/Weighted Average	**134**	**289,891**	**100.0%**	**$ 11,002,938**	**100.0%**	**$ 47.20**	**$ 11,264,564**	**$ 48.32**

(1) Represents aggregate NRSF available for lease at the facility for purposes of the line item entitled Available as of June 30, 2010.

The following table sets forth the percentage leased and annualized rent per leased square foot we charge our customers at 55 S. Market, along with total operating NRSF, as of the indicated dates:

Date	Facility Total Operating NRSF(1)	Percent Leased	Annualized Rent per Leased NRSF
June 30, 2010	289,891	80.4%	$ 47.20
December 31, 2009	289,925	89.4	48.64
December 31, 2008	289,925	94.0	45.22
December 31, 2007	289,925	94.1	44.91

December 31, 2006	289,925	92.0	46.64
December 31, 2005	289,925	88.3	43.11

(1) The facility total operating NRSF may fluctuate as office or shell space is taken offline to convert to data center space and subsequently becomes operational again as data center space.

Other than normally recurring capital expenditures to repair and maintain existing spaces, we have no plans to redevelop additional data center space at 55 S. Market.

Upon completion of this offering, we will be the fee simple owner of 55 S. Market, which we expect will be subject to a $60.0 million first mortgage lien security, as described in Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Material Terms of Our Indebtedness to be Outstanding After this Offering.

The current real estate tax rate for 55 S. Market is $13.72 per $1,000 of assessed value. The total annual tax for the property at this rate for the July 1, 2009 to June 30, 2010 tax year is $724,746 (at a taxable assessed value of $52,822,686). There were no direct assessments imposed on 55 S. Market by Santa Clara County for the July 1, 2009 to June 30, 2010 tax year. However, in April 2010, the Santa Clara County Assessor notified our company that the Assessor used an incorrect value as the basis to calculate real estate tax each of the prior four tax years (from tax year 2006 2007 through tax year 2009 2010). The reassessment increases 55 S. Market s assessed value by approximately $31.0 million in tax year 2006 2007, and an incremental 2% per tax year thereafter. We have yet to receive a corrected tax bill; however, we have accrued a total of $1.5 million through June 30, 2010 for the prior four tax years, and we expect to incur an additional $0.1 million in expense for the second quarter of 2010. We plan to appeal the reassessment for each of the four tax years.

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427 S. LaSalle, Chicago, Illinois

427 S. LaSalle is a seven-story data center and office building in downtown Chicago, Illinois. The property is desirably located directly across the street from the Chicago Stock Exchange, in close proximity to AT&T s Tier One NAP at 10 South Canal Street and all major data centers in Chicago s central business district, and adjacent to Chicago s primary fiber optic backbone. A diverse mix of communications networks operate in the building, providing a cost-effective operating environment for customers to interconnect and pass traffic between their networks.

An affiliate of The Carlyle Group acquired the property in February 2007 and has since redeveloped approximately 50,000 NRSF of data center space and upgraded the property s mechanical and electrical infrastructure.

The following table presents certain summary data regarding our space at the building:

	NRSF					
Operating Facility	**Total Operating**	**Total Data Center**	**Total Office & Light-Industrial**	**Existing Vacant Data Center Redevelopment**	**Available Utility Power (MW)**	**Number of Customers**
427 S. LaSalle	175,073	129,790	45,283	5,309	16	64

The following table summarizes information regarding the primary customers of 427 S. LaSalle that lease 10% or more of total operating NRSF as of June 30, 2010:

Principal Nature of Business of Customer	**Lease Expiration**	**Renewal Options**	**Total Leased NRSF(1)**	**Percentage of Facility Total Operating NRSF**	**Annualized Rent**	**Percentage of Facility Annualized Rent**	**Annualized Rent per Leased NRSF**
Professional Services	Apr. 2011	2 x 5 yrs	45,283	25.9%	$ 959,450	16.1%	$ 21.19
Telecommunications	Aug. 2013	2 x 5 yrs	22,256	12.7	794,636	13.4	35.70
Colocation	Nov. 2013	1 x 5 yrs	21,698	12.4	362,040	6.1	16.69
Total/Weighted Average			**89,237**	**51.0%**	**$ 2,116,126**	**35.6%**	**$ 23.71**

(1) Total leased NRSF is determined based on contractually leased square feet for leases that have commenced on or before June 30, 2010, including required data center support space (such as the mechanical, telecommunications

and utility rooms) and building common areas.

(2) The renewal option is only representative of one of two lease agreements the customer is a party to at the facility. As such, a renewal option exists on 13,171 NRSF; the remaining NRSF is not subject to any renewal options.

The following table sets forth the available space at 427 S. LaSalle as of June 30, 2010 and the expirations for leases in place at 427 S. LaSalle as of June 30, 2010 for the remainder of 2010 and for each of the ten full calendar years beginning January 1, 2011, assuming that customers exercise no renewal options and all early termination options.

Year of Lease Expiration	Number of Leases Expiring	Operating NRSF of Expiring Leases(1)	Percentage of Facility Operating NRSF	Annualized Rent	Percentage of Facility Annualized Rent	Annualized Rent per Leased NRSF	Annualized Rent at Expiration	Annualized Rent per Leased NRSF at Expiration
Available as of June 30, 2010		33,129	18.9%	$	%	$	$	$
Remainder of 2010	10	1,381	0.8	162,889	2.7	117.95	162,889	117.95
2011	33	56,658	32.4	2,117,871	35.6	37.38	2,167,114	38.25
2012	15	7,880	4.5	733,133	12.3	93.04	754,195	95.71
2013	10	53,129	30.4	1,880,039	31.6	35.39	2,049,705	38.58
2014	4	5,119	2.9	270,000	4.6	52.74	400,321	78.20
2015	2	122	0.1	16,800	0.3	137.70	19,654	161.10
2016	1	17,410	9.9	755,623	12.7	43.40	863,279	49.59
2017								
2018								
2019								
2020-Thereafter	1	245	0.1	13,800	0.2	56.33	13,800	56.33
Total/Weighted Average	**76**	**175,073**	**100.0%**	**$ 5,950,155**	**100.0%**	**$ 41.92**	**$ 6,430,957**	**$ 45.31**

(1) Represents aggregate NRSF available for lease at the facility for purposes of the line item entitled Available as of June 30, 2010.

The following table sets forth the percentage leased and annualized rent per leased square foot we charge our customers at 427 S. LaSalle, along with total operating NRSF, as of the indicated dates:

Date[(1)]	Facility Total Operating NRSF[(2)]	Percent Leased	Annualized Rent per Leased NRSF
June 30, 2010	175,073	81.1%	$ 41.92
December 31, 2009	174,723	77.5	38.48
December 31, 2008	143,986	87.5	32.38
December 31, 2007	175,348	80.6	21.02

(1) Because neither we nor The Carlyle Group owned this property prior to 2007, we are unable to present information for years prior to 2007.
(2) The facility total operating NRSF may fluctuate as office or shell space is taken offline to convert to data center space and subsequently becomes operational again as data center space.

In addition to normally recurring capital expenditures to repair and maintain existing spaces, we plan to redevelop 50,592 NRSF of office and vacant space into data center NRSF. We plan to redevelop 27,309 NRSF of the available redevelopment space into data center NRSF in the near-term at an estimated cost of $21.5 million. Of this near-term redevelopment space, 22,000 NRSF is currently occupied with near-term expirations, while the remaining 5,309 NRSF is currently vacant. We anticipate that we will keep the remaining 23,283 NRSF available for potential future redevelopment. We expect the net proceeds from this offering to provide sufficient capital to fund our proposed near-term redevelopment projects at this property.

Upon completion of this offering, we will be the fee simple owner of 427 S. LaSalle, which will be subject to $40.0 million of secured indebtedness, as described in Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Material Terms of Our Indebtedness to be Outstanding After this Offering.

The current real estate tax rate for 427 S. LaSalle is $48.16 per $1,000 of assessed value. The total annual tax for the property at this rate for the 2008 tax year, paid in 2009, is $946,072 (at a taxable assessed value of $19,644,350). Real estate taxes in Cook County are charged a year in arrears. There were no direct assessments imposed on 427 S. LaSalle by Cook County for the 2010 tax year.

900 N. Alameda, Los Angeles, California

900 N. Alameda, located in Los Angeles, California comprises five stories including a basement level. Formerly known as the Los Angeles Terminal Annex Post Office and previously a mail distribution facility, the property was converted into a data center building in 2000 by Dallas-based Infomart. The property is listed in the National Register of Historical Places, which we expect will continue to preserve and enhance the property s historic elements while allowing for full development of the data center capabilities present at the site.

The building is 12 blocks from our One Wilshire facility and the two are connected through multiple fiber networks, which allow the customers at 900 N. Alameda to access One Wilshire s array of over 300 customers and network service providers and to connect to our Any^2 Exchange®.

An affiliate of The Carlyle Group acquired a controlling interest in the property in October 2006 and subsequently purchased the remaining fee simple interest in December 2007. Since obtaining the controlling interest, Carlyle has redeveloped over 150,000 NRSF of data center space in the building.

The following table presents certain summary data regarding our space at the building:

	NRSF					
Operating Facility	**Total Operating**	**Total Data Center**	**Total Office & Light-Industrial**	**Existing Vacant Data Center Redevelopment**	**Available Utility Power (MW)**	**Number of Customers**
900 N. Alameda	273,312	256,690	16,622	160,847	40	81

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The following table summarizes information regarding the primary customers of 900 N. Alameda that lease 10% or more of total operating NRSF as of June 30, 2010:

Principal Nature of Business of Customer	Lease Expiration	Renewal Options	Total Leased NRSF[(1)]	Percentage of Facility Total Operating NRSF	Annualized Rent	Percentage of Facility Annualized Rent	Annualized Rent per Leased NRSF
Telecommunications	Dec. 2011	2 x 5 yrs	103,606	37.9%	$ 2,901,500	26.3%	$ 28.01
Telecommunications	Jan. 2012	2 x 5 yrs	50,792	18.6	1,614,737	14.6	31.79
Total/Weighted Average			**154,398**	**56.5%**	**$ 4,516,237**	**40.9%**	**$ 29.25**

(1) Total leased NRSF is determined based on contractually leased square feet for leases that have commenced on or before June 30, 2010, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.

The following table sets forth the available space at 900 N. Alameda as of June 30, 2010 and the lease expirations for leases in place at 900 N. Alameda as of June 30, 2010 for the remainder of 2010 and for each of the ten full calendar years beginning January 1, 2011, assuming that customers exercise no renewal options and all early termination options.

Year of Lease Expiration	Number of Leases Expiring	Operating NRSF of Expiring Leases[(1)]	Percentage of Facility Operating NRSF	Annualized Rent	Percentage of Facility Annualized Rent	Annualized Rent per Leased NRSF	Annualized Rent at Expiration	Annualized Rent per Leased NRSF at Expiration
Available as of June 30, 2010		38,309	14.0%	$	%	$	$	$
Remainder of 2010	23	19,775	7.2	1,759,392	15.9	88.97	1,759,392	88.97
2011	33	121,919	44.6	4,894,120	44.4	40.14	5,031,881	41.27
2012	14	57,748	21.1	2,705,120	24.5	46.84	2,809,010	48.64
2013	11	7,582	2.8	818,961	7.4	108.01	859,953	113.42
2014	4	2,538	0.9	225,540	2.0	88.87	328,744	129.53
2015	2	646	0.3	67,536	0.6	104.54	78,852	122.06
2016								
2017	1	436	0.2	39,338	0.4	90.22	46,972	107.73

2018												
2019												
2020-Thereafter	3	24,359	8.9		533,457	4.8		21.90		817,779		33.57
Total/Weighted Average	**91**	**273,312**	**100.0%**	**$**	**11,043,464**	**100.0%**	**$**	**46.99**	**$**	**11,732,583**	**$**	**49.93**

(1) Represents aggregate NRSF available for lease at the facility for purposes of the line item entitled Available as of June 30, 2010.

The following table sets forth the percentage leased and annualized rent per leased square foot we charge our customers at 900 N. Alameda, along with total operating NRSF, as of the indicated dates:

Date[(1)]	**Facility Total Operating NRSF**[(2)]	**Percent Leased**	**Annualized Rent per Leased NRSF**
June 30, 2010	273,312	86.0%	$ 46.99
December 31, 2009	273,312	84.4	44.10
December 31, 2008	255,920	84.0	36.54
December 31, 2007	240,470	84.7	28.40
December 31, 2006	213,241	83.8	24.85

(1) Because neither we nor The Carlyle Group owned this property prior to 2006, we are unable to present information for years prior to 2006.

(2) The facility total operating NRSF may fluctuate as office or shell space is taken offline to convert to data center space and subsequently becomes operational again as data center space.

In its entirety, 900 N. Alameda contains a total of 247,672 NRSF of potential redevelopment space, consisting of 144,721 NRSF of vacant space and 102,951 NRSF of leased space, that is available for future redevelopment into data center space.

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Upon completion of this offering, we will be the fee simple owner of 900 N. Alameda and we expect the property will be subject to a first mortgage lien security under our new revolving credit facility, as described in Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Material Terms of Our Indebtedness to be Outstanding After this Offering.

The current real estate tax rate for 900 N. Alameda is $12.97 per $1,000 of assessed value. The total annual tax for the property at this rate for the July 1, 2009 to June 30, 2010 tax year is $499,267 (at a taxable assessed value of $38,494,799). However, it should be noted that the Los Angeles County Assessor has not issued its property value notice and supplemental tax bill subsequent to The Carlyle Group s December 2007 acquisition. In accordance with California law, we estimate that the property value for the July 1, 2009 to June 30, 2010 tax year will be approximately $109,240,000 and that the associated real estate taxes will be approximately $1,308,000. There were no direct assessments imposed on 900 N. Alameda by Los Angeles County for the July 1, 2009 to June 30, 2010 tax year.

12100 Sunrise Valley, Reston, Virginia

12100 Sunrise Valley is a two-story data center and office facility situated on a 13.8-acre site located in Reston, Virginia. The building, formerly occupied by a prominent Internet service provider, was extensively modified for data center use in 2000.

An affiliate of The Carlyle Group purchased 12100 Sunrise Valley in December 2007 and has since improved the building and its infrastructure by adding redundant uninterruptible power supply, or UPS, systems, emergency generator capacity and additional cooling. We have also redeveloped 116,498 NRSF of data center space at the property.

The following table presents certain summary data regarding our space at the building:

	NRSF					
Operating Facility	**Total Operating**	**Total Data Center**	**Total Office & Light-Industrial**	**Existing Vacant Data Center Redevelopment**	**Available Utility Power (MW)**	**Number of Customers**
12100 Sunrise Valley	154,848	116,498	38,350	107,921	20	70

The following table summarizes information regarding the primary customers of 12100 Sunrise Valley that lease 10% or more of total operating NRSF as of June 30, 2010:

Principal Nature of Business of Customer	**Lease Expiration**	**Renewal Options**	**Total Leased NRSF[1]**	**Percentage of Facility Total Operating NRSF**	**Annualized Rent**	**Percentage of Facility Annualized Rent**	**Annualized Rent Per Leased NRSF**

Engineering[(2)]	Sept. 2016	1 x 5 yrs	27,384	17.7%	$ 577,290	6.5%	$ 21.08
Government	Aug. 2014	2 x 5 yrs	21,976	14.2	2,106,000	23.9	95.83
Technology Solutions[(3)]	Mar. 2017	1 x 2 yrs; 1 x 3 yrs	18,950	12.2	1,687,680	19.1	89.06
Total/Weighted Average			**68,310**	**44.1%**	**$ 4,370,970**	**49.5%**	**$ 63.99**

(1) Total leased NRSF is determined based on contractually leased square feet for leases that have commenced on or before June 30, 2010, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.

(2) Customer s initial lease term is for ten years and three months. Subject to lease provisions, customer has a termination option at the end of the seventh lease year. The expiration date shown assumes customer will exercise the termination option.

(3) Customer s initial lease term is for ten years and one month. Subject to lease provisions, customer has a termination option on the seven year anniversary of the commencement date. The expiration date shown assumes customer will exercise the termination option.

The following table sets forth the available space at 12100 Sunrise Valley as of June 30, 2010 and the expirations for leases in place at 12100 Sunrise Valley as of June 30, 2010 for the remainder of 2010 and for

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each of the ten full calendar years beginning January 1, 2011, assuming that customers exercise no renewal options and all early termination options.

Year of Lease Expiration	Number of Leases Expiring	Operating NRSF of Expiring Leases(1)	Percentage of Facility Operating NRSF	Annualized Rent	Percentage of Facility Annualized Rent	Annualized Rent per Leased NRSF	Annualized Rent at Expiration	Annualized Rent per Leased NRSF at Expiration
Available as of June 30, 2010		34,658	22.4%	$	%	$	$	$
Remainder of 2010	31	7,129	4.6	606,527	6.8	85.08	607,803	85.26
2011	32	9,279	6.0	1,003,125	11.4	108.11	1,070,884	115.41
2012	22	24,900	16.1	2,403,273	27.2	96.52	2,528,225	101.54
2013	10	4,962	3.2	598,146	6.8	120.55	641,787	129.34
2014	11	20,739	13.4	1,577,861	17.8	76.08	1,728,936	83.37
2015								
2016	2	27,698	17.9	581,307	6.6	20.99	690,936	24.95
2017	2	25,483	16.4	2,067,840	23.4	81.15	2,710,755	106.38
2018								
2019								
2020-Thereafter								
Total/Weighted Average	**110**	**154,848**	**100.0%**	**$ 8,838,079**	**100.0%**	**$ 73.53**	**$ 9,979,326**	**$ 83.03**

(1) Represents aggregate NRSF available for lease at the facility for purposes of the line item entitled Available as of June 30, 2010.

The following table sets forth the percentage leased and annualized rent per leased square foot we charge our customers at 12100 Sunrise Valley, along with total operating NRSF, as of the indicated dates:

Date(1)	Facility Total Operating NRSF(2)	Percent Leased	Annualized Rent per Leased NRSF
June 30, 2010	154,848	77.6%	$ 73.53
December 31, 2009	109,292	81.5	68.60
December 31, 2008	80,354	18.9	75.68

(1) Since the property was completely vacant at purchase in December 2007, we did not present information for years prior to 2008.
(2) The facility total operating NRSF may fluctuate as office or shell space is taken offline to convert to data center space and subsequently becomes operational again as data center space.

In addition to normally recurring capital expenditures to repair and maintain existing spaces, we plan to redevelop 72,269 NRSF of existing vacant shell space into data center space in the near-term at an estimated cost of $35.7 million. We expect the net proceeds from this offering to provide sufficient capital to fund our proposed near-term redevelopment projects at this property. 12100 Sunrise Valley contains an additional 35,652 NRSF available for potential future redevelopment.

Upon completion of this offering, we will be the fee simple owner of 12100 Sunrise Valley and believe the property will be encumbered by a construction loan, as described in Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Material Terms of Our Indebtedness to be Outstanding After this Offering.

The current real estate tax rate for 12100 Sunrise Valley is $11.98 per $1,000 of assessed value. The total annual tax for the property at this rate for the 2009 tax year was $324,956 (at a taxable assessed value of $27,124,880). There were no direct assessments imposed on 12100 Sunrise Valley by Fairfax County for the 2009 tax year.

70 Innerbelt, Somerville, Massachusetts

70 Innerbelt is a two-story building located in the Boston metropolitan area two miles from the city s Central Business District. Originally constructed as a warehouse and distribution center, the property underwent significant renovations to upgrade its primary power capacity and fiber optic network connectivity in 1999. The property renovations are indicative of the transformation of Innerbelt Park from industrial warehouses to a technology business park.

An affiliate of The Carlyle Group acquired 70 Innerbelt in April 2007 and has since redeveloped 53,688 NRSF of additional data center space.

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The following table presents certain summary data regarding our space at the building:

Operating Facility	NRSF Total Operating	Total Data Center	Total Office & Light-Industrial	Existing Vacant Data Center Redevelopment	Available Utility Power (MW)	Number of Customers
70 Innerbelt	121,591	118,991	2,600	155,015	22	38

The following table summarizes information regarding the primary customers of 70 Innerbelt that lease 10% or more of total operating NRSF as of June 30, 2010:

Principal Nature of Business of Customer	Lease Expiration	Renewal Options	Total Leased NRSF(1)	Percentage of Facility Total Operating NRSF	Annualized Rent	Percentage of Facility Annualized Rent	Annualized Rent per Leased NRSF
Managed Services Provider	June 2019	4 x 5 yrs	71,062	58.4%	$ 1,233,404	22.4%	$ 17.36
Computer Software	Sept. 2018	1 x 5 yrs	17,156	14.1	1,756,062	31.9	102.36
Total/Weighted Average			**88,218**	**72.5%**	**$ 2,989,466**	**54.3%**	**$ 33.89**

(1) Total leased NRSF is determined based on contractually leased square feet for leases that have commenced on or before June 30, 2010, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.

The following table sets forth the available space at 70 Innerbelt as of June 30, 2010 and the expirations for leases in place at 70 Innerbelt as of June 30, 2010 for the remainder of 2010 and for each of the ten full calendar years beginning January 1, 2011, assuming that customers exercise no renewal options and all early termination options.

Year of Lease Expiration	Number of Leases Expiring	Operating NRSF of Expiring Leases(1)	Percentage of Facility Operating NRSF	Annualized Rent	Percentage of Facility Annualized Rent	Annualized Rent per Leased NRSF	Annualized Rent at Expiration	Annualized Rent per Leased NRSF at Expiration

Available as of June 30, 2010		8,293	6.8%	$	%	$	$	$
Remainder of 2010	14	6,554	5.4	752,155	13.7	114.76	752,155	114.76
2011	8	2,669	2.2	364,185	6.6	136.45	369,231	138.34
2012	5	2,107	1.7	106,555	1.9	50.57	294,526	139.78
2013	7	6,115	5.0	525,874	9.6	86.00	606,658	99.21
2014	2	3,213	2.6	364,800	6.6	113.54	411,264	128.00
2015								
2016								
2017	1	235	0.2	18,865	0.3	80.28	23,201	98.73
2018	4	21,343	17.6	2,140,423	38.9	100.29	2,956,527	138.52
2019	1	71,062	58.5	1,233,404	22.4	17.36	1,444,784	20.33
2020-Thereafter								
Total/Weighted Average	**42**	**121,591**	**100.0%**	**$ 5,506,261**	**100.0%**	**$ 48.60**	**$ 6,858,346**	**$ 60.53**

(1) Represents aggregate NRSF available for lease at the facility for purposes of the line item entitled Available as of June 30, 2010.

The following table sets forth the percentage leased and annualized rent per leased square foot we charge our customers at 70 Innerbelt, along with total operating NRSF, as of the indicated dates:

Date(1)	**Facility Total Operating NRSF(2)**	**Percent Leased**	**Annualized Rent per Leased NRSF**
June 30, 2010	121,591	93.2%	$ 48.60
December 31, 2009	132,630	84.5%	47.49
December 31, 2008	148,104	78.8	30.27
December 31, 2007	116,262	76.5	16.08

(1) Because neither we nor The Carlyle Group owned this property prior to 2007, we are unable to present information for years prior to 2007.
(2) The facility total operating NRSF may fluctuate as office or shell space is taken offline to convert to data center space and subsequently becomes operational again as data center space.

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In addition to normally recurring capital expenditures to repair and maintain existing spaces, we are currently redeveloping 14,079 NRSF into data center space for an estimated cost of $4.0 million and 11,039 NRSF of office and data center common area at an estimated cost of $4.5 million. We expect the net proceeds from this offering to provide sufficient capital to fund our proposed near-term redevelopment projects at this property. 70 Innerbelt contains an additional 129,897 NRSF available for potential future redevelopment.

Upon completion of this offering, we will be the fee simple owner of 70 Innerbelt and we expect the property will be subject to a first mortgage lien security under our new revolving credit facility, as described in Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Material Terms of Our Indebtedness to be Outstanding After this Offering.

The current real estate tax rate for 70 Innerbelt is $20.44 per $1,000 of assessed value. The total annual tax for the property at this rate for the 2010 tax year is $690,381 (at a taxable assessed value of $33,776,000). There were no direct assessments imposed on 70 Innerbelt by the City of Somerville for the 2010 tax year.

Coronado-Stender Business Park, Santa Clara, California

The Coronado-Stender Business Park consists of seven buildings ranging in size from 16,800 to 50,400 square feet and was purchased by an affiliate of The Carlyle Group in February 2007. The entire site comprises 15.75 acres, of which a 9.1 acre development site housing five buildings represents the Coronado-Stender Properties. The Coronado-Stender Business Park also includes 2901 Coronado, a 50,000 NRSF data center on 3.14 acres completed during the second quarter of 2010 and 2972 Stender, a 50,400 NRSF data center on 3.51 acres under construction as of June 30, 2010. The Coronado-Stender Business Park is located in technology-rich Silicon Valley adjacent to the Central Expressway on Coronado Drive and Stender Way in Santa Clara, California.

We are in the process of obtaining a mitigated negative declaration from the City of Santa Clara, which clearance would deem the development of data center space in addition to the 179,600 NRSF of development currently permitted at the Coronado-Stender Business Park, as mitigated by the terms of the MND, not to have a significant impact on the environment. Subject to our obtaining the MND from the City of Santa Clara, we believe we will be able to develop an additional 266,650 NRSF, or up to 446,250 NRSF of data center space in the aggregate, with nearly 40 MW of available utility power, at the Coronado-Stender Business Park. Without the MND, we would be restricted to the development of an additional 179,600 NRSF of data center space at the Coronado-Stender Business Park; however, we should be able to revise our development plans until standards are met to obtain the MND, from which time full development of the Coronado-Stender Business Park can occur. We currently anticipate that the MND will be adopted prior to December 31, 2010; however, we cannot assure you that adoption will occur within the anticipated time frame or at all.

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The following image depicts the Coronado-Stender Business Park in its entirety and indicates the current NRSF of 2901 Coronado, 2972 Stender and each of the Coronado-Stender Properties.

The following table summarizes each of the component properties of the Coronado-Stender Business Park and the current and potential development NRSF of these properties, in each case, as of June 30, 2010.

Components of Coronado-Stender Business Park	Current Status	Buildings	Aggregate NRSF Current	Aggregate NRSF Subject to MND	Aggregate NRSF Site Potential
Coronado-Stender Properties	Held for Development	1	50,400	159,600	210,000
	Operating Light Industrial Space	4	78,800	56,450	135,250
Total		5	129,200	216,050	345,250
2972 Stender	Under Construction	1	50,400	50,600	101,000
Total		6	179,600	266,650	446,250
2901 Coronado	Operating Data Center	1	50,000		50,000
Total Coronado-Stender Business Park		7	229,600	266,650	496,250

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Coronado-Stender Properties

The Coronado-Stender Properties encompass a 9.1 acre development site with (i) five buildings consisting of 78,800 NRSF of office and light-industrial operating space and (ii) 50,400 NRSF of vacant space on land held for development, portions of which generate revenue under short-term leases. This development site provides us with the ability to develop additional data center space in one of the fastest growing and most important data center markets in North America. We currently have the ability to develop 129,200 NRSF of data center space at the Coronado-Stender Properties without the mitigated negative declaration. Subject to our obtaining the MND from the City of Santa Clara, we believe we will be able to develop an additional 216,050 NRSF, or up to 345,250 NRSF in the aggregate, of data center space at the Coronado-Stender Properties.

2901 Coronado

2901 Coronado represents the first phase of development within the Coronado-Stender Business Park in Santa Clara, California. The facility was originally constructed as a light-industrial building and the development of this property into a 50,000 NRSF data center was completed during the second quarter of 2010.

As of June 30, 2010, our Predecessor had invested $38.2 million to develop the building into a state-of-the-art data center, which was financed through contributions by the Carlyle affiliate to our Predecessor.

The following table presents certain summary data regarding our space at the building:

	NRSF					
Operating Facility	**Total Operating**	**Total Data Center**	**Total Office & Light-Industrial**	**Existing Vacant Data Center Development**	**Available Utility Power (MW)**	**Number of Customers**
2901 Coronado	50,000	50,000			10	1

The following table summarizes information regarding the primary customer of 2901 Coronado as of June 30, 2010:

Principal Nature of Business of Customer	**Lease Expiration(1)**	**Renewal Options**	**Total Leased NRSF**	**Percentage of Facility Total Operating NRSF**	**Annualized Rent**	**Percentage of Facility Annualized Rent**	**Annualized Rent Per Leased NRSF**
Social Networking	Apr. 2016; Apr. 2017	2 x 1 yrs	50,000	100.0%	$ 8,820,000	100.0%	$ 176.40

Total/Weighted Average	**50,000**	**100.0%**	**$ 8,820,000**	**100.0%**	**$ 176.40**

(1) 25,000 NRSF of the 50,000 NRSF under lease expires in April 2016. The remaining 25,000 NRSF is scheduled to expire in April 2017. Each of the two 25,000 NRSF spaces is subject to two one-year renewal options.

Upon completion of this offering, we will be the fee simple owner of 2901 Coronado and we expect the property will be encumbered by a first mortgage lien security under our new revolving credit facility, as described in Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Material Terms of Our Indebtedness to be Outstanding After this Offering.

2972 Stender

2972 Stender represents the second phase of development within the Coronado-Stender Business Park in Santa Clara, California. The facility was originally constructed as a light industrial building and is currently being developed into a 50,400 NRSF data center. We have submitted a request for a mitigated negative declaration from the City of Santa Clara to enable us to construct up to an additional 50,600 NRSF at this building, for a total of up to 101,000 NRSF of data center space. Should we obtain entitlements to construct the additional 50,600 NRSF and, provided we then believe market demand warrants and that it would be the best use of our capital available for expansion, we may elect to construct the entire 101,000 NRSF of space, comprised of the initial 50,400 NRSF of data center space plus the incremental 50,600 NRSF of unconditioned core and shell space held for potential future development into data center space.

The current real estate tax rate for the Coronado-Stender Business Park is $11.74 per $1,000 of assessed value. The total annual tax for the property at this rate for the July 1, 2009 to June 30, 2010 tax year is $428,272 (at a taxable assessed value of $36,466,020). The currently in process development of the 2901 Coronado building will cause a reassessment of the property. The actual assessed value and associated tax increase is not yet known; however, real estate taxes could increase by as much as $300,000. There were no direct assessments imposed on the Coronado-Stender Business Park by Santa Clara County for the July 1, 2009 to June 30, 2010 tax year.

1275 K Street, Washington, District of Columbia (Via Leasehold Interest)

Our leasehold interest at 1275 K Street commenced in June 2006 and comprises 23,921 total square feet, of which 22,137 NRSF is data center and ancillary support space. The remaining space consists of office space for our staff and management.

1275 K Street is a 12-story Class A office and telecom building located on the northeast corner of K and 13th Streets in Washington, DC. The property is located on Franklin Square Park in the downtown business district. 1275 K Street was significantly renovated in 2001 and 2005-2007 and is adjacent to one of the Washington, DC area s major fiber trunks.

The following table presents certain summary data regarding our space at the building:

	NRSF					
Operating Facility	**Total Operating**	**Total Data Center**	**Total Office & Light-Industrial**	**Existing Vacant Data Center Redevelopment**	**Available Utility Power (MW)**	**Number of Customers**
1275 K Street	22,137	22,137			2	60

The following table is a summary of key terms of our leasehold interest:

Total Leased Square Feet	**Lease Commencement Date**	**Lease Expiration Date**	**Rent Expense ($000)(1)**	**Annualized Rent per Leased Square Foot**	**Renewal Options**	**Option Rent(2)**	**Remaining Contractual Value ($000)(3)**
23,921	June 2006	May 2016	$ 1,051	$ 43.94	3 x 5 yrs	Greater of 103% of previous monthly base rent or 95% of FMR	$ 6,893

(1) Represents the contractual base rent considerations paid by us for the 12-month period ended June 30, 2010.
(2) FMR represents fair market rent as determined by mutual agreement between landlord and tenant, or in the case of a disagreement, mutual agreement between third party appraisers selected by landlord and tenant.
(3) Represents the remaining contractual base rent considerations owed under the lease through the initial term, from the period commencing July 1, 2010. This figure includes contractual annual rent escalations fixed at 3.0%.

When the primary term of our lease expires, we have the right to extend the lease for three additional five-year terms as indicated above. If we do not elect to renew the lease, the costs of relocating the equipment and redeveloping a new location into a high-quality data center could be prohibitive. In addition, we could lose customers due to the disruptions in their operations caused by the relocation. We could also lose those customers that choose our data centers based on their locations. Further, we may be unable to maintain good working relationships with our landlord, Metro K LLC, which could result in our eviction and result in the loss of current customers.

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The following table summarizes information regarding the primary customers within our leasehold interest in 1275 K Street that lease 10% or more of total operating NRSF as of June 30, 2010:

Principal Nature of Business of Customer	Lease Expiration	Renewal Options	Total Leased NRSF(1)	Percentage of Facility Total Operating NRSF	Annualized Rent	Percentage of Facility Annualized Rent	Annualized Rent per Leased NRSF
Telecommunications	Jan. 2010	None	4,565	20.6%	$ 242,676	12.6%	$ 53.16
Web Hosting	Mar. 2010; June 2011	None	4,969	22.4	431,655	22.6	86.87
Online Gaming	Aug. 2010	None	2,763	12.5	175,493	9.2	63.52
Total/Weighted Average			**12,297**	**55.5%**	**$ 849,824**	**44.4%**	**$ 69.11**

(1) Total leased NRSF is determined based on contractually leased square feet for leases that have commenced on or before March 31, 2010, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.

The following table sets forth the available space at 1275 K Street as of June 30, 2010 and the expirations for leases in place within our leasehold interest in 1275 K Street as of June 30, 2010 for the remainder of 2010 and for each of the ten full calendar years beginning January 1, 2011, assuming that customers exercise no renewal options and all early termination options.

Year of Lease Expiration	Number of Leases Expiring	Operating NRSF of Expiring Leases(1)	Percentage of Facility Operating NRSF	Annualized Rent	Percentage of Facility Annualized Rent	Annualized Rent per Leased NRSF	Annualized Rent at Expiration	Annualized Rent per Leased NRSF at Expiration
Available as of June 30, 2010		749	3.4%	$	%	$	$	$
Remainder of 2010	23	9,443	42.7	678,593	35.5	71.86	678,593	71.86
2011	20	6,379	28.8	665,999	34.8	104.40	678,574	106.38
2012	13	3,968	17.9	356,995	18.6	89.97	375,001	94.51
2013	8	943	4.3	123,986	6.5	131.48	133,334	141.39
2014	2	119	0.5	14,195	0.7	119.29	16,713	140.45
2015	2	119	0.5	26,920	1.4	226.22	31,207	262.24
2016	2	417	1.9	47,407	2.5	113.69	54,958	131.79
2017								

2018								
2019								
2020-Thereafter								
Total/Weighted Average	**70**	**22,137**	**100.0%**	**$ 1,914,095**	**100.0%**	**$ 89.49**	**$ 1,968,380**	**$ 92.03**

(1) Represents aggregate NRSF available for lease at the facility for purposes of the line item entitled Available as of June 30, 2010.

The following table sets forth the percentage leased and annualized rent per leased square foot we charge our customers at 1275 K Street, along with total operating NRSF, as of the indicated dates:

Date[(1)]	Facility Total Operating NRSF	Percent Leased	Annualized Rent per Leased NRSF
June 30, 2010	22,137	96.6%	$ 89.49
December 31, 2009	22,137	98.1	82.12
December 31, 2008	22,137	95.8	72.71
December 31, 2007	22,137	91.7	65.66
December 31, 2006	22,137	59.8	54.36

(1) Because our lease commenced on this property in 2006, we are unable to present information in a similar manner for years prior to 2006.

Other than normally recurring capital expenditures to repair and maintain existing spaces, we have no plans to redevelop additional data center space at 1275 K Street.

Upon completion of this offering our leasehold interest in 1275 K Street will not be encumbered by any lien security debt.

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As a tenant at 1275 K Street, we do not directly pay real estate taxes as these taxes are included in operating expense recoveries collected by the landlord.

32 Avenue of the Americas, New York, New York (Via Leasehold Interest)

Our leasehold interest at 32 Avenue of the Americas comprises 49,303 total square feet, of which 48,404 NRSF is data center and ancillary support space. The remaining consists of office space for our staff and management.

The 32 Avenue of the Americas building comprises 1.2 million NRSF of space across 27 stories and was originally designed and constructed as AT&T s World Headquarters. Located in Manhattan and adjacent to the world s most active financial exchanges, our 32 Avenue of the Americas data center was designed to meet the security, interconnection and power requirements of the world s leading financial institutions. Currently, the following leading financial exchanges and trading venues are accessible within the 32 Avenue of the Americas building from our data center, some of which are our customers:

North American:	NYSE, NASDAQ, ARCA, ISE, ICE, BATS, NYFIX, Hotspot/Knight, GL, Fidessa, LAVA
European:	Euronext, Swiss Exchange, OMX Nordic Exchange, Virt-X, Equiduct, Turquoise, Chi-X
Asian/Australian:	Sydney Futures Exchange, Hong Kong Stock Exchange, Hong Kong Futures Exchange, Singapore Stock Exchange and Malaysian Stock Exchange

In addition to accessibility to financial exchanges, the building provides our customers with access to 50 other carriers and service providers. We also operate our Any^2 Exchange® at this facility.

On June 30, 2007, an affiliate of The Carlyle Group leased the seventh floor of the building plus space in other areas of the building housing generators, chillers and other data center infrastructure supporting our net rentable data center on the seventh floor. At the time we leased our space, the seventh floor was in raw condition. Shortly after leasing the space, we constructed our new data center and supporting infrastructure.

The following table presents certain summary data regarding our space at the building:

	NRSF					
Operating Facility	**Total Operating**	**Total Data Center**	**Total Office & Light-Industrial**	**Existing Vacant Data Center Redevelopment**	**Available Utility Power (MW)**	**Number of Customers**
32 Avenue of the Americas	48,404	48,404			4	22

The following table is a summary of key terms of our leasehold interest:

Total Leased	**Lease Commencement**	**Lease Expiration**	**Rent Expense**	**Annualized Rent per Leased**	**Renewal**	**Option**	**Remaining Contractual**

Square Feet	Date	Date	($000)(1)	Square Foot	Options	Rent(2)	Value ($000)(3)
49,303	Oct. 2007	Apr. 2023	$ 2,400	$ 48.68	2 x 5 yrs	FMR	$ 35,318

(1) Represents the contractual base rent considerations paid by us for the 12-month period ended June 30, 2010.
(2) FMR represents fair market rent as determined by mutual agreement between third party appraisers selected by landlord and tenant.
(3) Represents the remaining contractual base rent considerations owed under the lease through the initial term, from the period commencing July 1, 2010. This figure includes contractual annual rent escalations fixed at 2.0%.

When the primary term of our lease expires, we have the right to extend the lease for two additional five-year terms as indicated above. If we do not elect to renew the lease, the costs of relocating the equipment and redeveloping a new location into a high-quality data center could be prohibitive. In addition, we could lose customers due to the disruptions in their operations caused by the relocation. We could also lose those customers that choose our data centers based on their locations. Further, we may be unable to maintain good working relationships with our landlord, Rudin Management Company, which could result in our eviction and result in the loss of current customers.

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The following table summarizes information regarding the primary customers within our leasehold interest in 32 Avenue of the Americas that lease 10% or more of total operating NRSF as of June 30, 2010:

Principal Nature of Business of Customer	Lease Expiration	Renewal Options	Total Leased NRSF(1)	Percentage of Facility Total Operating NRSF	Annualized Rent	Percentage of Facility Annualized Rent	Annualized Rent per Leased NRSF
Media & Entertainment	July 2012	1 x 1 yrs; 1 x 2 yrs	17,901	37.0%	$ 1,620,000	43.4	$ 90.50
Web Hosting	July 2013	None	6,661	13.8	898,560	24.1	134.90
Total/Weighted Average			**24,562**	**50.8%**	**$ 2,518,560**	**67.5%**	**$ 102.54**

(1) Total leased NRSF is determined based on contractually leased square feet for leases that have commenced on or before June 30, 2010, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.

The following table sets forth the available space at 32 Avenue of the Americas as of June 30, 2010 and the expirations for leases in place within our leasehold interest in 32 Avenue of the Americas as of June 30, 2010 for the remainder of 2010 and for each of the ten full calendar years beginning January 1, 2011, assuming that customers exercise no renewal options and all early termination options.

Year of Lease Expiration	Number of Leases Expiring	Operating NRSF of Expiring Leases(1)	Percentage of Facility Operating NRSF	Annualized Rent	Percentage of Facility Annualized Rent	Annualized Rent per Leased NRSF	Annualized Rent at Expiration	Annualized Rent per Leased NRSF at Expiration
Available as of June 30, 2010		15,121	31.2%	$	%	$	$	$
Remainder of 2010	5	416	0.9	54,960	1.5	132.12	54,960	132.12
2011	10	6,106	12.6	818,681	21.9	134.08	943,876	154.58
2012	5	18,802	38.8	1,760,835	47.2	93.65	1,867,124	99.30
2013	3	6,730	13.9	909,960	24.4	135.21	1,022,863	151.99
2014	1	833	1.7	115,200	3.1	138.30	129,659	155.65
2015								
2016								
2017	1	361	0.8	63,360	1.7	175.51	77,928	215.87
2018	1	35	0.1	6,831	0.2	195.17	8,995	257.00

2019								
2020-Thereafter								
Total/Weighted Average	**26**	**48,404**	**100.0%**	**$ 3,729,827**	**100.0%**	**$ 112.07**	**$ 4,105,405**	**$ 123.35**

(1) Represents aggregate NRSF available for lease at the facility for purposes of the line item entitled Available as of June 30, 2010.

The following table sets forth the percentage leased and annualized rent per leased square foot we charge our customers at 32 Avenue of the Americas, along with total operating NRSF, as of the indicated dates:

Date(1)	**Facility Total Operating NRSF**	**Percent Leased**	**Annualized Rent per Leased NRSF**
June 30, 2010	48,404	68.8%	$ 112.07
December 31, 2009	48,404	68.3	107.21
December 31, 2008	48,404	16.4	87.16

(1) Because the facility was not operational prior to 2008, we are unable to present information for years prior to 2008.

Other than normally recurring capital expenditures to repair and maintain existing spaces, we have no plans to redevelop additional data center space at 32 Avenue of the Americas.

Upon completion of this offering, our leasehold interest in 32 Avenue of the Americas will not be encumbered by any lien security debt.

As a tenant at 32 Avenue of the Americas, we do not directly pay real estate taxes as these taxes are included in operating expense recoveries collected by the landlord.

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1656 McCarthy, Milpitas, California

1656 McCarthy, located in Milpitas, California, was originally built as a light-industrial building and converted in 2000 to a data center facility by Verizon. The interconnection capabilities at 1656 McCarthy are supported by six diverse networks in the building plus a direct fiber connection to our 55 S. Market building. This fiber connection allows the property s customers to access over 100 customers and network service providers at 55 S. Market through our Any^2 Exchange®.

An affiliate of The Carlyle Group purchased the property in December 2006. At the time of acquisition, the property was vacant and partially built out as data center space. Following the acquisition, we completed and upgraded 71,847 NRSF of data center space.

The following table presents certain summary data regarding our space at the building:

	NRSF					
Operating Facility	**Total Operating**	**Total Data Center**	**Total Office & Light-Industrial**	**Existing Vacant Data Center Redevelopment**	**Available Utility Power (MW)**	**Number of Customers**
1656 McCarthy	71,847	71,847		4,829	8	36

The following table summarizes information regarding the primary customers of 1656 McCarthy that lease 10% or more of total operating NRSF as of June 30, 2010:

Principal Nature of Business of Customers	**Lease Expiration**	**Renewal Options**	**Total Leased NRSF(1)**	**Percentage of Facility Total Operating NRSF**	**Annualized Rent**	**Percentage of Facility Annualized Rent**	**Annualized Rent per Leased NRSF**
Social Networking	Apr. 2012	2 x 1 yrs	23,995	33.4%	$ 2,719,200	41.8%	$ 113.32
Web Hosting	May 2013	None	9,532	13.3	859,638	13.2	90.18
Total/Weighted Average			**33,527**	**46.7%**	**$ 3,578,838**	**55.0%**	**$ 106.74**

(1) Total leased NRSF is determined based on contractually leased square feet for leases that have commenced on or before June 30, 2010, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.

The following table sets forth the available space at 1656 McCarthy as of June 30, 2010 and the expirations for leases in place at 1656 McCarthy as of June 30, 2010 and for the remainder of 2010 and for each of the ten full calendar years beginning January 1, 2011, assuming that customers exercise no renewal options and all early termination options.

Year of Lease Expiration	Number of Leases Expiring	Operating NRSF of Expiring Leases[1]	Percentage of Facility Operating NRSF	Annualized Rent	Percentage of Facility Annualized Rent	Annualized Rent per Leased NRSF	Annualized Rent at Expiration	Annualized Rent per Leased NRSF at Expiration
Available as of June 30, 2010		10,295	14.3%	$	%	$	$	$
Remainder of 2010	19	9,919	13.8	850,953	13.1	85.79	850,953	85.79
2011	18	8,955	12.5	1,054,408	16.2	117.75	1,068,363	119.30
2012	6	28,169	39.2	3,080,358	47.3	109.35	3,183,754	113.02
2013	6	14,276	19.9	1,500,067	23.1	105.08	1,708,158	119.65
2014								
2015								
2016								
2017	1	233	0.3	21,568	0.3	92.57	25,741	110.48
2018								
2019								
2020-Thereafter								
Total/Weighted Average	**50**	**71,847**	**100.0%**	**$ 6,507,354**	**100.0%**	**$ 105.72**	**$ 6,836,969**	**$ 111.08**

(1) Represents aggregate NRSF available for lease at the facility for purposes of the line item entitled Available as of June 30, 2010.

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The following table sets forth the percentage leased and annualized rent per leased square foot we charge our customers at 1656 McCarthy, along with total operating NRSF, as of the indicated dates:

Date[(1)]	Facility Total Operating NRSF[(2)]	Percent Leased	Annualized Rent per Leased NRSF
June 30, 2010	71,847	85.7%	$ 105.72
December 31, 2009	71,847	88.0	98.75
December 31, 2008	71,847	76.9	78.63
December 31, 2007	56,547	17.4	65.31

(1) Because the property was purchased vacant in December 2006, we are unable to present information for years prior to 2007.
(2) The facility total operating NRSF may fluctuate as office or shell space is taken offline to convert to data center space and subsequently becomes operational again as data center space.

In addition to normally recurring capital expenditures to repair and maintain existing spaces, we plan to redevelop 4,829 NRSF of existing vacant shell space into data center NRSF in the near-term at an estimated cost of $1.5 million. We expect the net proceeds from this offering to provide sufficient capital to fund our proposed near-term redevelopment projects at this property.

Upon completion of this offering, we will be the fee simple owner of 1656 McCarthy, which we expect will be subject to a first mortgage lien security under our new revolving credit facility, as described in Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Material Terms of Our Indebtedness to be Outstanding After this Offering.

The current real estate tax rate for 1656 McCarthy is $11.56 per $1,000 of assessed value. The total annual tax for 1656 McCarthy at this rate for the July 1, 2009 to June 30, 2010 tax year is $119,023 (at a taxable assessed value of $10,299,960). There were no direct assessments imposed on 1656 McCarthy by Santa Clara County for the 2009/2010 tax year.

2115 NW 22nd Street, Miami, Florida

2115 NW 22nd Street is a three-story data center in Miami, Florida. The property is located between Miami International Airport and the Central Business District. The building was constructed ground up in 2002 by WilTel Communications to house their mission-critical data center and switching equipment. The structure was built to withstand Category-5 hurricane winds and stands over 30 feet above sea-level, making it one of the highest points in South Florida. We currently operate two floors of completed data center space.

An affiliate of The Carlyle Group purchased the property in June 2006, and has since upgraded the property s data center infrastructure.

The following table presents certain summary data regarding our space at the building:

	NRSF					
Operating Facility	**Total Operating**	**Total Data Center**	**Total Office & Light-Industrial**	**Existing Vacant Data Center Redevelopment**	**Available Utility Power (MW)**	**Number of Customers**
2115 NW 22nd Street	31,817	30,176	1,641	13,447	6	33

The following table summarizes information regarding the primary customers of 2115 NW 22nd Street that lease 10% or more of total operating NRSF as of June 30, 2010:

Principal Nature of Business of Customer	**Lease Expiration**	**Renewal Options**	**Total Leased NRSF(1)**	**Percentage of Facility Total Operating NRSF**	**Annualized Rent**	**Percentage of Facility Annualized Rent**	**Annualized Rent per Leased NRSF**
Web Hosting	Sept. 2010	1 x 1 yrs	8,429	26.5%	$ 620,037	47.2%	$ 73.56
Total/Weighted Average			**8,429**	**26.5%**	**$ 620,037**	**47.2%**	**$ 73.56**

(1) Total leased NRSF is determined based on contractually leased square feet for leases that have commenced on or before June 30, 2010, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.

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The following table sets forth the available space at 2115 NW 22nd Street as of June 30, 2010 and the lease expirations for leases in place at 2115 NW 22nd Street as of June 30, 2010 for the remainder of 2010 and for each of the ten full calendar years beginning January 1, 2011, assuming that customers exercise no renewal options and all early termination options.

Year of Lease Expiration	Number of Leases Expiring	Operating NRSF of Expiring Leases(1)	Percentage of Facility Operating NRSF	Annualized Rent	Percentage of Facility Annualized Rent	Annualized Rent per Leased NRSF	Annualized Rent at Expiration	Annualized Rent per Leased NRSF at Expiration
Available as of June 30, 2010		16,241	51.0%	$	%	$	$	$
Remainder of 2010	11	11,096	34.9	709,445	54.0	63.94	710,494	64.03
2011	10	1,802	5.6	185,649	14.1	103.02	192,691	106.93
2012	12	2,444	7.7	414,455	31.5	169.58	285,302	116.74
2013	2	117	0.4	4,800	0.4	41.03	5,092	43.52
2014								
2015								
2016								
2017								
2018								
2019								
2020-Thereafter	1	117	0.4					
Total/Weighted Average	36	31,817	100.0%	$ 1,314,349	100.0%	$ 84.39	$ 1,193,579	$ 76.63

(1) Represents aggregate NRSF available for lease at the facility for purposes of the line item entitled Available as of June 30, 2010.

The following table sets forth the percentage leased and annualized rent per leased square foot we charge our customers at 2115 NW 22nd Street, along with total operating NRSF, as of the indicated dates:

Date(1)	Facility Total Operating NRSF(2)	Percent Leased	Annualized Rent per Leased NRSF
June 30, 2010	31,817	49.0%	$ 84.39
December 31, 2009	31,817	47.6	70.28
December 31, 2008	15,088	65.9	43.14

December 31, 2007	15,088	40.1	25.82
December 31, 2006	15,088	1.8	22.70

(1) Because neither we nor The Carlyle Group owned this property prior to 2006, we are unable to present information for years prior to 2006.
(2) The facility total operating NRSF may fluctuate as office or shell space is taken offline to convert to data center space and subsequently becomes operational again as data center space.

In addition to normally recurring capital expenditures to repair and maintain existing spaces, we plan to keep the remaining 13,477 NRSF available for potential future redevelopment.

Upon completion of this offering, we will be the fee simple owner of 2115 NW 22nd Street and the property will not be encumbered by any lien security debt.

The current real estate tax rate for 2115 NW 22nd Street is $15.33 per $1,000 of assessed value. The total annual tax for the property at this rate for the 2009 tax year is $89,326 (at a taxable assessed value of $5,827,212). There were no direct assessments imposed on 2115 NW 22nd Street by Miami-Dade County for the 2009 tax year.

Depreciation

Except for certain formation transactions which are taxable transactions and will result in an increase in tax basis for certain assets being fully taxable transactions and thereby resulting in a fair market value tax basis for such assets, we will use the carryover basis for determining the tax basis for the properties that will be contributed in exchange for operating partnership units. For federal income tax purposes, we intend to depreciate all of our properties over the same remaining useful lives and using the same methods previously used by the owners of the properties. Depreciation with respect to the real property components of our properties (other than land) generally will be computed using the straight-line method over a useful life of 15 to 39 years.

Our operating partnership s tax depreciation deductions generally will be allocated among the partners in accordance with their respective interests in our operating partnership (except to the extent that the partnership is required under Section 704(c) of the Code to use a method for allocating depreciation deductions that results in us receiving a disproportionately larger share of the deductions). Because the initial basis in the properties that will be contributed in exchange for operating partnership units may be less than the fair market value of those properties on the date of contribution, our depreciation deductions may be less than they otherwise would have been if we had purchased the properties in a fully taxable transaction.

The following table sets forth for each property in our portfolio and component thereof upon which depreciation is taken, the (i) federal tax basis upon completion of this offering and the formation transactions, (ii) rate, (iii) method and (iv) life claimed with respect to such property or component thereof for purposes of depreciation.

Property	Federal Tax Basis	Depreciable Federal Tax Basis	Rate	Method	Life Claimed
One Wilshire	35,205,590	35,205,590	2.56%	Straight Line	39 years
55 S. Market	99,921,360	79,861,763	2.56%	Straight Line	39 years
1275 K Street	1,516,663	1,516,663	2.56%	Straight Line	39 years
900 N. Alameda	104,015,342	80,522,960	2.56%	Straight Line	39 years
427 S. LaSalle	52,876,593	38,976,593	2.56%	Straight Line	39 years
2115 NW 22nd Street	13,627,290	12,885,825	2.56%	Straight Line	39 years
1656 McCarthy	24,559,119	19,473,077	2.56%	Straight Line	39 years
32 Avenue of the Americas	30,873,615	30,873,615	2.56%	Straight Line	39 years
12100 Sunrise Valley	64,355,609	55,400,298	2.56%	Straight Line	39 years
70 Innerbelt	55,499,973	49,399,973	2.56%	Straight Line	39 years
Coronado-Stender Business Park	76,914,040	54,551,387	2.56%	Straight Line	39 years

In addition, we have an aggregate of approximately $2.3 million in additional tax basis of depreciable furniture, fixtures and equipment associated with the properties in our portfolio as of June 30, 2010. Depreciation on this furniture, fixtures and equipment is computed on the straight line and double declining balance methods over the claimed life of such property, which is generally seven years.

Regulation

General

Data centers in our markets are subject to various laws, ordinances and regulations, including regulations relating to common areas. We believe that each of our properties has the necessary permits and approvals to operate its business.

Americans with Disabilities Act

Our properties must comply with Title III of the American with Disabilities Act, or ADA, to the extent that such properties are places of public accommodation or commercial facilities as defined by the ADA. The ADA requires properties that are places of public accommodation to, among other things, remove existing barriers to access by persons with disabilities where such removal is readily achievable. The ADA also requires places of public accommodation as well as commercial facilities undergoing new construction or alterations to conform to the ADA Accessibility Guidelines, which provide design standards that permit accessibility by individuals with disabilities. Further, if entities on our properties offer certain examinations or courses (i.e., those related to applications, licensing, certification, or credentialing for secondary or postsecondary education, professional, or trade purposes), they must be offered in an accessible place and manner or with alternative accessible arrangements. We believe that our properties are in substantial compliance with the ADA and that we will not be required to make substantial capital expenditures to those properties to address the requirements of the ADA. However, noncompliance with the ADA could result in imposition of monetary damages and civil penalties in lawsuits brought by the Attorney General or an award of attorneys fees to private litigants. The obligation to make readily achievable accommodations as required by the ADA is an ongoing one, and we will continue to assess our properties and make alterations as appropriate.

Environmental Matters

Under various federal, state and local laws and regulations relating to the protection of the environment, a current or previous owner or operator of real estate may be liable for contamination resulting from the presence or discharge of hazardous or toxic substances at that property, and may be required to investigate and clean up such contamination at that property or emanating from that property. Such laws and regulations often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of the contaminants, and a party may be liable for all of the cleanup costs, even when more than one person was responsible for the contamination. Previous owners used some of our properties for industrial and retail purposes, so those properties may contain some level of environmental contamination. The presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability or materially adversely affect our ability to sell, lease or develop the real estate or to borrow using the real estate as collateral. In addition, we could incur costs to comply with such laws and regulations, the violation of which could lead to substantial fines and penalties.

Environmental laws and regulations also require that asbestos-containing building materials be properly managed and maintained and may impose fines and penalties on building owners or operators for failure to comply with these requirements. Further, third parties could potentially seek recovery from owners or operators for personal injury associated with exposure to asbestos-containing building materials.

In addition, certain of our customers, particularly those leasing light-industrial space from us, routinely handle hazardous substances and wastes as part of their operations at our properties. Environmental laws and regulations subject our customers, and potentially us, to liability resulting from these activities or from previous industrial or other uses of those properties. Environmental liabilities could also affect a customer s ability to make rental payments to us. We require our customers to comply with these environmental laws and regulations and to indemnify us for any related liabilities.

Independent environmental consultants have conducted Phase I or similar environmental site assessments on all owned properties in our portfolio. Each of the site assessments has been either completed or updated since 2005. Site assessments are intended to collect and evaluate information regarding the environmental condition of the surveyed property and surrounding properties. These assessments do not generally include soil sampling, subsurface investigations or asbestos sampling. Although prior commercial or industrial operations at some of our properties may have released hazardous materials and some of our properties contain or may contain asbestos-containing building materials, none of the recent site assessments revealed any past or present environmental liability that we believe would have a material adverse effect on our business, assets or results of operations. However, the assessments may have failed to reveal all environmental conditions, liabilities or compliance concerns. Material environmental conditions, liabilities or compliance concerns may have arisen after the reviews were completed or may arise in the future; and future laws, ordinances or regulations may impose material additional environmental liability. See Risk Factors Risks Related to the Real Estate Industry Environmental problems are possible and can be costly.

Insurance

Upon completion of this offering and consummation of the Restructuring Transactions, we will carry comprehensive liability, fire, extended coverage, earthquake, business interruption and rental loss insurance covering all of the properties in our portfolio. We will select policy specifications and insured limits which we believe to be appropriate given the relative risk of loss, the cost of the coverage and industry practice and, in the opinion of our company s management, the properties in our portfolio are currently, and upon completion of this offering will be, adequately insured. We will not carry insurance for generally uninsured losses such as loss from riots, war or acts of God. In addition, we will carry earthquake insurance on our properties in an amount and with deductibles which we believe are commercially reasonable. Certain of the properties in our portfolio will be located in areas known to be seismically active. See Risk Factors Risks Related to Our Business and Operations Potential losses to our properties may not be covered by insurance or may exceed our policy coverage limits.

Competition

We compete with numerous developers, owners and operators of technology-related real estate and data centers, many of which own properties similar to ours in the same markets in which our properties are located, including Digital Realty Trust, Inc., Dupont Fabros Technology, Inc., Equinix, Inc., Terremark Worldwide, Inc., Savvis, Inc. and Telx Group Inc. In addition, we may face competition from new entrants into the data center market. Some of our competitors and potential competitors may have significant advantages over us, including greater name recognition, longer operating histories, pre-existing relationships with current or potential customers, significantly greater financial, marketing and other resources, and access to less expensive power, all of which could allow them to respond more quickly to new or changing opportunities. If our competitors offer space at rental rates below current market rates, or below the rental rates we currently charge our customers, we may lose potential customers and we may be pressured to reduce our rental rates below those we currently charge in order to retain customers when our customers leases expire. See Risk Factors Risks Related to Our Business and Operations We face significant competition and may be unable to lease vacant space, renew existing leases or re-lease space as leases expire, which may have a material adverse effect on our business and results of operations.

As a developer of data center space, we also compete for the services of key third-party providers of services, including engineers and contractors with expertise in the development of data centers. The competition for the services of specialized contractors and other third-party providers required for the development of data centers is intense, increasing the cost of engaging such providers and the risk of delays in completing our development projects.

In addition, we face competition from real estate developers in our sector and in other industries for the acquisition of additional properties suitable for the development of data centers. Such competition may reduce the number of properties available for acquisition, increase the price of these properties and reduce the demand for data center space in the markets we seek to serve.

Employees

As of June 30, 2010, we had 160 full-time and part-time employees of which 108 employees are salaried, and we pay the remainder on an hourly basis. None of our employees are members of labor unions.

Offices

Our corporate offices are located at 1050 17th Street, Suite 800, Denver, CO 80265. We believe that our current offices are adequate for our present and future business operations.

Legal Proceedings

In the ordinary course of our business, we are subject to claims for negligence and other claims and administrative proceedings, none of which we believe are material or would be expected to have, individually or in the aggregate, a material adverse effect on our business, financial condition or results of operations.

On August 11, 2010, our former general counsel, Ari Brumer, filed a suit in the United States District Court for the District of Colorado against us, certain of our affiliates, our chief executive officer and certain affiliates of The Carlyle Group. In his complaint, Mr. Brumer alleges that he was fraudulently induced to accept employment with CoreSite, L.L.C. and that his employment was terminated in retaliation for his assertions that we and certain of our officers and affiliates have been involved in or committed certain illegal or improper acts. Mr. Brumer claims actual damages in an amount to be proven at trial as well as special damages of $919,000, principally attributable to alleged real estate losses from relocating. We have investigated the claims alleged in the complaint and, based on the results of that investigation, we do not believe that Mr. Brumer s claims are based on, or supported by, facts. As a result, we believe that we have valid defenses to the claims and intend to vigorously defend the suit. Because we are in the preliminary stages, the cost of the litigation and its ultimate resolution are not estimable at this time. However, based on the information currently available, we do not believe that this matter will have a material adverse effect on our business, financial position or liquidity.

MANAGEMENT

Directors and Executive Officers

Upon completion of this offering, our Board of Directors will consist of seven individuals, including a majority of directors who are independent within the meaning of the NYSE listing standards. Pursuant to our charter, each of our directors will be elected by our stockholders to serve until the next annual meeting and until their successors are duly elected and qualify. See Certain Provisions of Maryland Law and of Our Charter and Bylaws. The first annual meeting of our stockholders after this offering will be held in 2011. Subject to rights pursuant to any employment agreements, officers serve at the pleasure of our Board of Directors.

Certain information regarding our executive officers, directors and persons who have agreed to become directors upon the completion of this offering is set forth in the following table:

Name	Age	Position
Thomas M. Ray	47	President, Chief Executive Officer and Director
Deedee M. Beckman	38	Chief Financial Officer
Robert K. Rockwood	50	Senior Vice President, Acquisitions
David W. Dunn	30	Senior Vice President, Strategy and Marketing
Christopher M. Bair	41	Senior Vice President, Sales
Billie R. Haggard	44	Senior Vice President, Data Centers
Chuck D. Price	43	Senior Vice President, Information Technology
Dominic M. Tobin	57	Senior Vice President, Operations, of CoreSite Services, Inc.
Robert M. Sistek	34	Senior Vice President, Capital Markets
James A. Attwood, Jr.	52	Director Nominee
Michael Koehler	43	Director Nominee
Robert G. Stuckey	48	Director Nominee
Paul E. Szurek	50	Director Nominee
J. David Thompson	44	Director Nominee
David A. Wilson	69	Director Nominee

The following are biographical summaries of the experience of our executive officers, directors and director nominees. Unless otherwise indicated, positions held with us prior to the incorporation of CoreSite Realty Corporation s formation on February 17, 2010, indicate positions held with CoreSite, L.L.C., the entity that performed the management function of the properties being contributed to our portfolio by the Carlyle real estate funds or their affiliates in connection with the Restructuring Transactions.

Executive Officers and Directors

Thomas M. Ray is our President and Chief Executive Officer and a member of our company s Board of Directors. Mr. Ray has been responsible for our company s activities since its founding in 2001. Prior to the initial public offering of our company, Mr. Ray also served as a Managing Director of The Carlyle Group, focusing upon opportunities for the firm s real estate funds and leading those funds activities in the data center sector. He brings over 20 years of experience making and managing investments and businesses throughout the U.S., Europe and Asia. Prior to joining

Carlyle and our company, Mr. Ray held roles of increasing responsibility with the Security Capital Group of companies (ProLogis, CarrAmerica and predecessors to Archstone-Smith). Prior thereto he practiced real estate and transactional law. Mr. Ray received his M.B.A. from the University of Texas at Austin Graduate School of Business, where he was a Longhorn Scholar. He received a J.D. from the University of Colorado at Boulder School of Law and a B.S. in Business Administration with emphasis in Finance from the University of Denver, where he was a Hornbeck Scholar. Mr. Ray possesses significant experience in the acquisition, finance and operation of commercial real estate as well as over a decade of experience in the data center industry. Additionally, Mr. Ray has over five years of experience at publicly traded REITs. This experience provides us with insight into commercial real estate, REIT and data center trends that affect our business and led us to the conclusion that he should serve on our Board of Directors.

Deedee M. Beckman is our Chief Financial Officer. Ms. Beckman has been responsible for our company s accounting and financial activities since becoming a member of our team in 2005, first as a contract employee, then as Senior Vice President of Finance in 2009 before becoming our Chief Financial Officer in 2010. Ms. Beckman has indicated to us that for personal reasons she would like to reduce her service to our company to a part-time basis at a reasonable and mutually convenient time. At such future time, Ms. Beckman would voluntarily resign from her position as our Chief Financial Officer. No date has been set for her transition from her current position as Chief Financial Officer, although we have commenced a search to identify a qualified candidate to succeed her in that capacity. Ms. Beckman will continue to serve as our Chief Financial Officer until we find a suitable replacement and, thereafter, for a period of time to assist in the transition process. We and Ms. Beckman have also expressed a mutual desire for her to continue as a permanent part-time employee following this transition. Prior to joining our company, Ms. Beckman spent ten years with ProLogis, where she held roles of increasing responsibility including Vice President and Development Controller. In addition, Ms. Beckman led the implementation of systems for North American development accounting and oversaw an annual budget of $400.0 million. Ms. Beckman also served as a lead Transactions Associate as well as a financial analyst at ProLogis. In this capacity, she completed corporate and asset acquisitions totaling $620.0 million in North America and Europe. Ms. Beckman began her career as an auditor with Ernst & Young LLP, working on corporate audits, including large and mid-cap companies in the data and communications sectors. Ms. Beckman is a Certified Public Accountant and received her B.S. in Accounting, cum laude, from the University of Southern California.

Robert K. Rockwood is our Senior Vice President of Acquisitions, responsible for our eastern region. Mr. Rockwood has been with our company since shortly after its founding in 2001. Mr. Rockwood has been involved with every aspect of our data center portfolio development and management, and served as Chief Operating Officer from 2005 to 2006, Chief Investment Officer from 2006 to 2008 and General Manager from 2008 until March 2010 before assuming his current role. Before joining our company, Mr. Rockwood was the Managing Director of the Faris Group, an independent consulting company specializing in increasing the value of data centers and telecom real estate. He was also the director of business development for Broadband Office and the general manager of Transcom, a wholly owned telecommunications subsidiary of the Columbia Energy Group. Prior to entering the private sector, Mr. Rockwood was a Captain and Commander in the United States Army. Mr. Rockwood received his M.P.A. from the JFK School of Government at Harvard University, his M.S. in construction management from the University of Illinois, and B.S. from the United State Military Academy at West Point.

David W. Dunn is our Senior Vice President of Strategy and Marketing. Mr. Dunn joined our company in 2004 and has led our marketing and business development activities since 2006. Mr. Dunn served as our Sales Director from 2004 to 2005, Real Estate Asset Manager from 2005 to 2006 and Vice President of Sales and Marketing from 2006 to 2007. Prior to joining us in March 2004, Mr. Dunn was a Senior Analyst at The Carlyle Group, where he played a role in managing several strategic projects as well as Carlyle s data center investments. Before joining The Carlyle Group, he was an Analyst at another private equity fund, JER Partners, where he evaluated acquisition opportunities and conducted due diligence on multiple real estate property types. Mr. Dunn graduated magna cum laude from The Wharton School at the University of Pennsylvania with a B.S. in Economics and is currently an M.B.A. candidate at the Kellogg School of Management at Northwestern University.

Christopher M. Bair is our Senior Vice President of Sales. Mr. Bair brings 15 years of executive sales and management experience in the data center and information technology industries. Prior to joining our company in May 2010, Mr. Bair was Senior Vice President of Sales and Marketing at Qualifacts Systems, a software service provider of enterprise systems for healthcare providers. Mr. Bair has also held roles of increasing responsibility in sales and operations at SunGard Availability Services/Inflow, which he joined in 1999. Prior to entering the private sector Mr. Bair was a Captain and Pilot in the United States Air Force.

Mr. Bair received a M.S. in Management from Embry Riddle Aeronautical University and a B.S. from the United States Air Force Academy in Colorado Springs, CO.

Billie R. Haggard is our Senior Vice President of Data Centers. In this role Mr. Haggard is responsible for the design, construction, maintenance, facilities staffing and ultimately uptime, reliability and energy efficiency of our data centers. Mr. Haggard served as our Vice President of Facilities from 2009 to 2010. Prior to joining our company in March 2009, Mr. Haggard was the Senior Technical Manager at Switch and Data, where he oversaw all aspects of data center design and management for more than 40 data centers across North America. Prior to joining Switch and Data in 2003, Mr. Haggard held the position of Technical Manager for Lee Technologies focused upon data center and mission-critical facilities. Mr. Haggard studied Engineering at Louisiana State University and Louisiana Tech University. Additionally, Mr. Haggard held positions of increasing responsibility focused upon nuclear power technology and maintenance during his 14-year career as an officer in the United States Navy. Mr. Haggard was recognized with four Naval Achievement Medals and numerous letters of commendation stemming from his work and teachings concerning highly sensitive, mission-critical facilities.

Chuck D. Price is our Senior Vice President of Information Technology. Mr. Price is responsible for our overall technology strategy as well as overseeing the development, management and security of all internal and external IT systems and applications. Mr. Price brings over 18 years of IT leadership experience. Prior to joining our company in April 2010, Mr. Price was the head of technology for TD Ameritrade Trust Company, where he was responsible for the business unit s post-acquisition integration, technology strategy and operational efficiency. Mr. Price has also held C-level positions at Fiserv Investment Support Services, Requisite Technology, Syngistix and Net Library. Mr. Price attended the University of California at San Diego s Computer Science and Physics programs. Additionally, Mr. Price held top security clearance and was responsible for SWAT Team operations, Special Weapons, Fire Control Radars and Advanced Missile Systems during his distinguished career in the United States Navy. Mr. Price is also a veteran of the first Gulf War.

Dominic M. Tobin is the Senior Vice President of Operations for CoreSite Services, Inc. Mr. Tobin is responsible for our company s operations activities, including all Any2Exchange® related initiatives. Mr. Tobin served as our Field Operations Director from 2007 to 2009 and Vice President of Operations from 2009 to 2010. Prior to joining our company in January 2007, Mr. Tobin spent 15 combined years at First Level Technology and AT&T, where he held roles of increasing responsibility including Field Operations Director and District Manager. Mr. Tobin obtained his B.S. degree in Telecommunications Management, magna cum laude, from Golden Gate University. He also received a Network Management Certificate from U.C. Santa Cruz Extension and was a First Class Electronics Technician in the U.S. Coast Guard.

Robert M. Sistek is our Senior Vice President of Capital Markets. Mr. Sistek is responsible for structuring and executing our debt and equity capital markets transactions and oversees our treasury and investor relations functions. Prior to joining our company in 2010, Mr. Sistek was a Senior Associate with The Carlyle Group, focused on investments in the firm s US real estate funds. Before joining The Carlyle Group in 2007, Mr. Sistek was a Vice President of DCT Industrial Trust, where he was responsible for corporate and real estate financings and the implementation of all capital markets related initiatives. Throughout his career in corporate and real estate finance, which also included roles of increasing responsibility with ProLogis and GMAC Commercial Mortgage, Mr. Sistek has been directly involved in structuring, negotiating and closing corporate and real estate financings totaling over $5 billion. Mr. Sistek received his M.B.A. from the Kellogg School of Management at Northwestern University and his B.S. in Accounting, summa cum laude, from the University of Northern Colorado. Mr. Sistek is an inactive Certified Public Accountant and a member of the AICPA.

Director Nominees

James A. Attwood, Jr. will serve on our Board of Directors upon completion of this offering. Mr. Attwood is a Managing Director and Head of the Global Telecommunications and Media Group, at The Carlyle Group. Prior to joining Carlyle in 2000, Mr. Attwood served as Executive Vice President for Strategy, Development and Planning at Verizon Communications, Inc. and GTE Corporation prior to that. Prior to his four years at

Verizon and GTE, Mr. Attwood served as an investment banker at Goldman, Sachs & Co. for 11 years. Mr. Attwood graduated summa cum laude from Yale University in 1980 with a B.A. in applied mathematics and an M.A. in statistics. In 1985, he received both J.D. and M.B.A. degrees from Harvard University. Mr. Attwood serves as a member of the Boards of Directors of Hawaiian Telcom, Insight Communications and The Nielsen Company. Mr. Attwood has gained significant knowledge of the telecommunications industry through his work with Verizon and The Carlyle Group. Mr. Attwood s private equity experience, together with his service on the board of directors of various telecommunications companies, provides a valuable perspective to our Board of Directors in monitoring and evaluating our business and led us to the conclusion that he should serve on our Board of Directors.

Michael Koehler will serve on our Board of Directors upon completion of this offering. During 2008 and 2009, Mr. Koehler served as Senior Vice President, Americas Region, of Electronic Data Systems Corporation, or EDS, a division of the Hewlett-Packard Company, or HP. EDS, a global provider of information technology and business process outsourcing services, was acquired by HP in 2008. During 2008, and prior to HP s acquisition of EDS, Mr. Koehler served as Executive Vice President, Global ITO Services and, following a promotion, as Senior Vice President, Infrastructure Technology and Business Process Outsourcing, in each case, at EDS. During 2007, and prior to his assuming the position of Executive Vice President, Global ITO Services, Mr. Koehler served as Regional Senior Vice President, Europe, Middle East and Africa Operations at EDS and, from 2006 to 2008, as Enterprise Client Executive, Navy Marine Corps Intranet Account at EDS. From 2004 to 2006, Mr. Koehler served as Chief Operating Officer of The Feld Group, a management information technology consulting firm that was acquired by EDS in 2004. From 1994 to 2001, he held management positions of increasingly greater responsibility at The Feld Group. Mr. Koehler received his B.S. in Industrial Engineering from Texas Tech University. Mr. Koehler possesses significant experience in the technology consulting and outsourcing industries and extensive operational and strategic planning experience in complex, global companies. This experience provides us with insight into the technology trends that affect our business and led us to the conclusion that he should serve on our Board of Directors.

Robert G. Stuckey will serve on our Board of Directors upon completion of this offering. Mr. Stuckey is a Managing Director and Fund Head, US Real Estate, at The Carlyle Group. Prior to joining Carlyle Realty in 1998, Mr. Stuckey was Chief Investment Officer at CarrAmerica. Prior to that, he was Senior Vice President of ProLogis and Chief Financial Officer for Trammel Crow Company, N.E. Mr. Stuckey was twice Academic All-American in football at the University of Nebraska and received an M.B.A. from Harvard University. Mr. Stuckey possesses significant experience concerning the acquisition, disposition, financing, operations and market opportunities of private and publicly traded REITs, as well as of data center properties. This experience provides us with insight into REIT and data center industry trends that affect our business and led us to the conclusion that he should serve on our Board of Directors.

Paul E. Szurek will serve on our Board of Directors upon completion of this offering. Mr. Szurek is Chief Financial Officer of Biltmore Farms, LLC, a residential and commercial real estate development and operating company. Prior to joining Biltmore Farms in 2003, Mr. Szurek served as Chief Financial Officer of Security Capital Group Incorporated, a real estate investment, development and operating company. He has also served as director to two publicly-traded real estate companies, Regency Centers and Security Capital U.S. Realty. Mr. Szurek received a J.D. with honors from Harvard Law School and a B.A. in Government, magna cum laude, from the University of Texas at Austin. Mr. Szurek possesses significant experience concerning the acquisition, disposition, financing, operations and market opportunities of private and publicly traded REITs. This experience provides us with insight into REIT-industry trends that affect our business and led us to the conclusion that he should serve on our Board of Directors.

J. David Thompson will serve on our Board of Directors upon completion of this offering. Mr. Thompson is Group President of the Symantec Services Group and Chief Information Officer of Symantec Corporation, a global provider of security, storage, and systems management solutions. Prior to joining Symantec Corporation in 2006, Mr. Thompson served as Senior Vice President and Chief Information Officer for Oracle Corporation. Before joining Oracle Corporation, Mr. Thompson was Senior Vice President and Chief Information Officer at PeopleSoft, Inc. from 1998 to 2005, prior to its acquisition by Oracle Corporation. Mr. Thompson began his career as an officer in the U.S. Air Force as an Intelligence Systems Officer. Mr. Thompson possesses significant experience in the technology industry and extensive operational experience in information technology systems optimization. This experience provides us with insights into the information technology trends that affect our business and led us to the conclusion that he should serve on our Board of Directors.

David A. Wilson will serve on our Board of Directors upon completion of this offering. Mr. Wilson became the President and Chief Executive Officer of the Graduate Management Admission Council, or the Council, in 1995. The Council is a $100.0 million enterprise that is the owner of the Graduate Management Admission Test, the GMAT. Prior to that, he was a Managing Partner and National Director for Professional Development at Ernst & Young. From 1968 to 1978, he held faculty positions at the University of Texas at Austin, where he was awarded tenure, and at Harvard Business School. Mr. Wilson completed his undergraduate studies at Queen s University in Canada, his M.B.A. at the University of California, Berkeley, and his doctorate at the University of Illinois. He is a Chartered Accountant in Canada and a Certified Public Accountant in the United States. He has served on the board of directors of Laureate Education, Inc., and of Terra Industries, Inc. At Laureate, he chaired the Audit Committee and served as a member of the Nominating and Governance Committee and the Conflicts Committee. He served on the Audit Committee of Terra. He has served on the Worldwide Board of Junior Achievement, the Conseil d Administration de la Confrérie de la Chaîne des Rôtisseurs (Paris) and The Wolf Trap Foundation. He presently serves as a member of the board of The Atlantic Council, and is a national trustee of the National Symphony Orchestra. Mr. Wilson will serve as Chairman of and the Financial Expert on our Audit Committee. Mr. Wilson brings to our Board significant industry experience in the areas of accounting policy, internal controls, and risk management and led us to the conclusion that he should serve on our Board of Directors.

Board of Directors

Upon completion of the offering, our Board of Directors will consist of seven directors. Our charter provides that the number of directors constituting our Board of Directors may be increased or decreased by a majority vote of our entire Board of Directors, provided the number of directors may not be decreased to fewer than the minimum number required under the MGCL. Under the operating partnership agreement, for so long as the Carlyle real estate funds or their affiliates collectively own 10% or more of the outstanding common stock (assuming all operating partnership units are exchanged for common stock), the Board of Directors may not increase or decrease the number of directors unless, in the case of an increase, the number of directors that the Carlyle real estate funds and their affiliates are entitled to nominate is also increased, provided that the number of Carlyle nominees shall not exceed one-third of the entire Board of Directors.

Our bylaws require that nominees for director, whether for election by the stockholders or by the Board of Directors, shall include such number of individuals as are entitled to be nominated pursuant to the partnership agreement. The operating partnership agreement provides that for so long as the number of operating partnership units and shares of common stock held collectively by the Carlyle real estate funds or their affiliates is equal to or greater than 50% of the total number of shares of outstanding common stock (assuming all operating partnership units are exchanged for common stock), certain of these funds shall have the right to nominate the number of directors that is one less than the lowest whole number that would exceed one-third of the directors, but not less than one director. With the Board of Directors having seven members, this would enable these Carlyle funds to nominate two directors, although such nomination will be subject to the vote of the stockholders. Such rights to nominate directors would also decrease as follows (in each case assuming all operating partnership units are exchanged for common stock):

- if the Carlyle real estate funds or their affiliates collectively owned less than 50% but at least 10% of the outstanding common stock, then certain of these funds or their affiliates would be entitled to nominate the number of directors that is one less than the lowest whole number that would exceed 20% of the directors, but not less than one director;

if the Carlyle real estate funds or their affiliates collectively owned less than 10% of the outstanding common stock, then such funds would no longer be entitled to nominate any directors.

Upon completion of the offering, our Board of Directors will consist of seven directors. Our charter and bylaws provide that the number of directors constituting our Board of Directors may be increased or decreased by a majority vote of our Board of Directors, provided that the number of directors may not be decreased to fewer than the minimum number required under the MGCL.

Committees of the Board of Directors

Upon the completion of this offering, our Board of Directors will appoint an audit committee, a compensation committee and a nominating and corporate governance committee. Each of these committees will have at least three directors and will be composed as required by the partnership agreement, and exclusively of independent directors if required by the rules, regulations and listing standards of the NYSE. Our Board of Directors may from time to time establish other committees to facilitate the management of our company. The operating partnership agreement currently requires that, so long as the Carlyle real estate funds or their affiliates collectively own at least 10% of the outstanding common stock (assuming all operating partnership units are exchanged for common stock), such funds or their affiliates shall have the right to have at least one of their nominees on each committee (including the Audit Committee if the nominee is qualified as independent under the Exchange Act) other than any committee whose purpose is to evaluate or negotiate any transaction with the Carlyle real estate funds or their affiliates.

Audit Committee. The audit committee will help ensure the integrity of our financial statements, the qualifications and independence of our independent auditor and the performance of our internal audit function and independent auditors. The audit committee will select, appoint, assist and meet with the independent auditor, oversee each annual audit and quarterly review, establish and maintain our internal audit controls and prepare the report that federal securities laws require be included in our annual proxy statement. Messrs. Wilson, Koehler and Szurek will serve as members of the audit committee, with Mr. Wilson serving as chair.

Compensation Committee. The compensation committee will review and approve the compensation and benefits of our executive officers, administer and make recommendations to our Board of Directors regarding our compensation and stock incentive plans, produce an annual report on executive compensation for inclusion in our proxy statement and publish an annual committee report for our stockholders. Messrs. Koehler, Wilson and Thompson will serve as members of the compensation committee, with Mr. Koehler serving as chair.

Nominating and Corporate Governance Committee. The nominating and corporate governance committee will develop and recommend to our Board of Directors a set of corporate governance principles, adopt a code of ethics, adopt policies with respect to conflicts of interest, monitor our compliance with corporate governance requirements of state and federal law and the rules and regulations of the NYSE, establish criteria for prospective members of our Board of Directors, conduct candidate searches and interviews, oversee and evaluate our Board of Directors and management, evaluate from time to time the appropriate size and composition of our Board of Directors and recommend, as appropriate, increases, decreases and changes in the composition of our Board of Directors and formally propose the slate of directors to be elected at each annual meeting of our stockholders. Messrs. Szurek, Stuckey and Thompson will serve as members of the nominating and corporate governance committee, with Mr. Szurek serving as chair.

Compensation of Directors

We have not paid any cash compensation or granted any equity-based awards to any of the members of our Board of Directors for their service on the board. As of June 30, 2010, none of our directors held any awards in the form of or relating to our common stock. Upon completion of this offering, directors who are employees of our company or our subsidiaries and those directors nominated by the Carlyle real estate funds or their affiliates will not receive compensation for their services as directors. Each of our other directors will receive an annual cash retainer of $40,000 for services as a director and will receive an annual grant of restricted stock units under our 2010 Plan, which is described in more detail under 2010 Equity Incentive Plan, having a fair market value as of the date of grant equal to

$40,000. Payment with respect to these restricted stock units will be automatically deferred until the director s cessation of service as a director. Directors who serve on our audit, nominating and corporate governance and/or compensation committees other than as chair of the committee will receive an additional annual cash retainer fee of $5,000 for each committee on which they serve. Directors who serve as the chair of our audit committee will receive an additional annual retainer of $15,000. Directors who serve as the chair of one of our other board committees will receive an additional annual retainer of $10,000. In addition, each of our non-employee directors will, upon the closing of this offering, receive a one-time grant of 2,500 stock options, with a per share exercise price equal to the per share offering price.

Executive Officer Compensation

Compensation Discussion and Analysis

The following is a discussion of the compensation policies and decisions with respect to the following individuals, who are or were executive officers of our company during 2009 and are referred to as the named executive officers, or NEOs:

- Thomas Ray, Chief Executive Officer;
- Deedee Beckman, Chief Financial Officer;
- Robert Rockwood, Senior Vice President, Acquisitions;
- David Dunn, Senior Vice President, Strategy and Marketing; and
- Ari Brumer, former General Counsel.

Compensation Objectives

Our compensation program is designed to recruit and retain as executive officers individuals with the highest capacity to develop, grow and manage our business, and to align their compensation with our short-term and long-term goals. To do this, our compensation program for executive officers is made up of the following components: (i) base salary, designed to compensate our executive officers for work performed during the fiscal year; (ii) short-term incentive programs, designed to reward our executive officers for our yearly performance and for their individual performances during the fiscal year; and (iii) equity-based awards, meant to align our executive officers interests with our long-term performance, under our profits interest incentive program, or PIP. For all NEOs, compensation is intended to be significantly performance-based, with a belief that compensation paid to executive officers should be closely aligned with the performance of our company on both a short-term and long-term basis, in order to create value for equityholders.

In establishing compensation for executive officers, the following summarizes our primary objectives:

- Attract and retain individuals of superior ability and managerial talent;
- Ensure senior officer compensation is aligned with our corporate strategies and business objectives and the long-term interests of our equityholders;
- Increase the incentive to achieve key strategic and financial performance measures by linking incentive award opportunities to the achievement of performance goals in these areas; and
- Enhance the officers incentives to provide increased value to equityholders, as well as promote retention of key management personnel, by providing a portion of total compensation opportunities for senior management in the form of ownership in our company, historically, through awards granted under our PIP, and going forward, in the form of shares of our common stock and other equity and equity-based awards.

Our company s overall compensation program is structured to attract, motivate and retain highly qualified executive officers by awarding compensation that is consistent with our company s success and their contributions to that success. Our company believes compensation should be structured to ensure that a significant portion of compensation opportunity will be directly related to company performance and other factors that directly and indirectly influence equityholder value. Total compensation for our NEOs has been allocated between cash and equity compensation taking into consideration the balance between providing short-term incentives and long-term investment in our financial performance to align the interests of management with equityholders.

Taking account of the foregoing objectives, we structure total compensation for our executives to provide a guaranteed amount of cash compensation in the form of base salaries, while also providing a meaningful amount of annual cash compensation that is at risk and dependent on our performance and the individual performance of the executives, in the form of discretionary annual bonuses. We also seek to provide a portion of total compensation in the form of equity-based awards under our PIP in order to align the interests of executives and other key employees with those of our equityholders and for retention purposes. In anticipation of our initial public offering, we intend to adopt a new equity incentive plan, which we refer to as the 2010 Equity Incentive Plan, or the 2010 Plan, and which is discussed in more detail under 2010 Equity Incentive Plan below.

Compensation of Our Chief Executive Officer

Prior to and throughout 2009, our Chief Executive Officer, Thomas Ray, was an employee of Carlyle and received no direct compensation from us for his services as our Chief Executive Officer. For a discussion of certain payments we have made to Carlyle in respect of compensation for our Chief Executive Officer s services to us, refer to the discussion under Certain Relationships and Related Party Transactions elsewhere in this prospectus. The discussion of the compensation paid and awarded to our NEOs in this Compensation Discussion and Analysis relates generally to our NEOs other than our Chief Executive Officer and, except where otherwise stated, all references to our NEOs in this section refer to NEOs other than our Chief Executive Officer.

Role of the Board of Directors, the Compensation Committee and Management

Historically, from 2000 through compensation decisions made in late 2009, decisions with respect to the compensation of our NEOs other than our Chief Executive Officer were made by our Chief Executive Officer in consultation with Carlyle. In connection with our initial public offering, we expect to revise certain policies and practices with respect to executive compensation. Our Board of Directors expects to appoint a Compensation Committee to administer certain aspects of the compensation policies and programs for our executive officers and certain other employees. The Compensation Committee will be charged with, among other things, the responsibility of reviewing executive officer compensation policies and practices to ensure (i) adherence to our compensation philosophies and (ii) that the total compensation paid to our executive officers is fair, reasonable and competitive, taking into account our competitive position within our industry and our named executive officers level of expertise and experience in their positions.

Following our initial public offering, we expect that the Compensation Committee will be primarily responsible for, among other things, (i) determining base salary levels and target bonus levels (representing the bonus that may be awarded expressed as a percentage of base salary or as a dollar amount for the year), (ii) assessing the performance of the Chief Executive Officer and other NEOs for each applicable performance period and (iii) determining the amount of the annual cash incentive awards to be paid to our Chief Executive Officer and other NEOs for each year after taking into account any previously established target bonus levels. In addition, the Compensation Committee will be responsible for making awards, or recommendations to our Board of Directors with respect to any awards, under our new 2010 Plan.

Historically, the performance of our NEOs has been assessed, and the performance-driven aspects of our NEOs compensation have been determined, primarily by our Chief Executive Officer on an annual basis. Each NEO participates in an annual performance review with the Chief Executive Officer to provide input about their contributions to our company s success for the period being assessed. Following our initial public offering, we expect that the Compensation Committee will review and consider our Chief Executive Officer s recommendations with respect to compensation decisions for our NEOs other than himself and will make all compensation decisions with regard to our Chief Executive Officer.

Compensation Processes

As discussed above, we have set base salary structures, annual incentive targets and equity awards under our PIP in amounts as determined by our Chief Executive Officer, in consultation with Carlyle. In making compensation determinations, our Chief Executive Officer and Carlyle have not historically reviewed executive compensation against a specific group of comparable companies, but instead relied upon their own judgment and industry experience in making decisions with respect to total compensation and with respect to the allocation of total compensation among our three main components of compensation.

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For 2009, actual pay for each NEO was determined based on the NEOs historical compensation levels, which have been set based on our Chief Executive Officer s general knowledge and understanding of compensation levels for similarly situated executives in our industry, and was also driven primarily by the performance of the executive over time and on our company-wide performance. For Ms. Beckman and Mr. Brumer, both of whom joined us in 2009, compensation levels were determined by our Chief Executive Officer and Carlyle based upon their view of the compensation that was necessary to attract Ms. Beckman and Mr. Brumer to serve as our Chief Financial Officer and General Counsel, respectively, and upon individual negotiations with each.

Elements of 2009 Compensation

Base Salaries. In 2009, we sought to compensate our NEOs for their performance throughout the year with annual base salaries that were fair and competitive within our marketplace, taking into account the considerations described above under Compensation Processes. We provide base salaries to our NEOs in order to ensure the attraction, development and retention of superior talent and relative base salary levels reflecting the NEOs historic contributions to our performance as well as their level of responsibility within our organization and length of service with us. Going forward, we expect that base salary determinations will continue to focus on the above considerations.

At the end of 2009, base salaries were reviewed to ensure continuing consistency with market levels and our level of financial performance during the previous year. We expect that future adjustments to base salaries and salary ranges will reflect average movement in the competitive market as well as individual performance. No formulaic base salary increases are provided to the NEOs; however, annual merit increases are provided when we determine that such increases are warranted in light of individual or overall Company performance. For 2009, we determined to provide a $5,000 merit increase to each of our NEOs other than Ms. Beckman. These increases were not based on individual performance considerations, but rather on overall Company performance as reflected in our achievement of our Adjusted EBITDA goal, which is discussed in more detail below under Annual Cash Incentive Awards. These increases took effect in early 2010. In addition, as a result of her performance in her new role as our Chief Financial Officer starting in 2010 and the substantial increase in responsibilities that accompany that role, and the increase in time she commits to our company, Ms. Beckman received a 145% salary increase, effective as of January 1, 2010, such that her new annualized base salary is $245,000.

Annual Cash Incentive Awards. As one way of accomplishing our compensation objectives, executive officers are rewarded for their contribution to our financial and operational success through the award of discretionary annual incentive cash bonuses, which have historically been determined by our Chief Executive Officer and Carlyle and which, going forward, we expect will be determined annually by the Compensation Committee. Annual incentive bonuses for each NEO have not been paid pursuant to any formal bonus plans or programs. Our Chief Executive Officer and Carlyle retain broad discretion regarding whether, and in what amounts, annual cash bonuses will be awarded.

Bonuses for our NEOs historically have not been based on a prescribed formula, but rather have been determined individually for each NEO on a subjective basis. We believe that this approach to assessing performance results in a more comprehensive evaluation for compensation decisions and following this offering, we expect that we will initially follow this approach when making annual bonus determinations. In addition to our level of achievement of our economic forecasts for the year, our Chief Executive Officer and Carlyle have considered the following factors in determining the amount of the annual bonus to be awarded to each of our NEOs:

the NEO s length of service with us;

the scope, level of expertise and experience required for the NEO s position; and a subjective performance evaluation, based on our Chief Executive Officer s view of each NEO s level of contribution toward our achievement of economic forecasts for the year.

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These additional factors were selected as the most appropriate measures upon which to base the annual incentive cash bonus decisions because we believe that they help to align individual compensation with both competency and contribution.

For 2009, bonus amounts for our NEOs were determined primarily based upon our level of achievement against our economic forecast for Adjusted EBITDA for the year of $33,350,000. For this purpose Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization after making certain adjustments with respect to net straight-line rent. Based upon achieving an actual Adjusted EBITDA for the year that exceeded this forecast by approximately 3.6%, and after consideration of the additional factors described above, we determined to award the following annual incentive bonus amounts to our named executive officers for performance in 2009: Ms. Beckman: $100,000; Mr. Rockwood: $70,000; Mr. Brumer: $90,000; and Mr. Dunn: $100,000.

2009 Equity Compensation. Our PIP is an equity incentive program in which membership profits interests in a limited liability company controlled by Carlyle, each representing a percentage grant in an equity pool, were awarded to our NEOs and other employees in 2009. The participants membership interests represent the right to receive a percentage of the net profits generated from company investments to the extent the net profits exceed specified internal rate of return thresholds. Holders of the PIP interests are entitled to cash distributions in respect of their interests only to the extent company investments generate net profits in excess of the specified internal rate of return thresholds.

The total theoretical value of the equity pool is generally 3% of the amount by which the net profits of our investments exceed an internal rate of return threshold of 15% and 5% of the amount by which the net profits of company investments exceed an internal rate of return threshold of 20%. However, certain of our investments have been designated as having different incentive percentages and return thresholds. Cash distributions to holders of the PIP interests in respect of net profits for any given year would equal a participant s total aggregate percentage grants in the pool multiplied by the total actual distributed value of net profits allocated to the pool.

The PIP was designed to incentivize executives and employees toward, and to reward, the sustained superior financial performance of our company and to align the interests of employees and executives with the long- term interests of equityholders. In addition, the PIP was designed to aid our company in retaining the services of key executives and employees by requiring vesting conditions on each percentage interest grant in the pool, which provide that the participant will forfeit the unvested portion of the grant upon their termination of service with us. Each individual percentage interest grant becomes vested as to 20% of the grant each year until a maximum vesting of 80% has been reached. However, for so long as participants remain employed with us, and to the extent cash distributions are made, participants would be entitled to receive cash distributions with respect to 100% of their interests, regardless of whether or not they are vested.

Prior to December 2009, our PIP was structured as an informal incentive program that provided for cash bonus payments to participants in connection with the distribution of net profits to equityholders, as determined in Carlyle s sole and absolute discretion, with reference to the return thresholds described above. Except with respect to Mr. Rockwood as discussed below, no such cash bonus payments were made under the program in or for 2009.

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In December 2009, we formalized our PIP by granting formal equity membership interests. The table below sets forth the percentage interest grants that were awarded to our NEOs in connection with the formalization of our PIP. The amounts awarded to each NEO were based on the NEOs participation in our prior informal incentive arrangement, as previously determined by our Chief Executive Officer and Carlyle based on each NEO s length of service with us and on the NEO s level of responsibility within our organization and expertise and experience in our industry.

Name	**Vesting Start Date**[(1)]		**Percentage Grant**
Deedee Beckman	Jun. 30, 2007		1.00%
	Jan. 31, 2009		0.40%
		Total:	1.40%
Robert Rockwood	Jun. 30, 2007		2.50%
	Jan. 31, 2009		0.40%
		Total:	2.90%
David Dunn	Jun. 30, 2007		2.50%
	Jan. 31, 2009		0.10%
		Total:	2.60%
Ari Brumer	Feb. 23, 2009		0.70%
		Total:	0.70%

(1) Reflects the date the membership interests were deemed granted for vesting purposes. The first 20% of the individual percentage grant vests or vested on December 31 of the year of the vesting start date.

Although cash distributions under our PIP would be determined on an annual basis, the cash distributions in respect of any company investments are intended to be cross-collateralized across multiple years and are therefore subject to an escrow and clawback policy to ensure that participants do not receive and retain cash distributions in excess of the appropriate level of cumulative net profits from company investments over time. If, at any time, the cumulative amount distributed to participants exceeds the cumulative net profits, from company investments in the same group, in excess of the return thresholds multiplied by the participant s aggregate percentage grants, our company will give notice to the participant of the amount in excess to be repaid and the participant will be required to make a capital contribution equal to the lesser of the excess and the cumulative amount distributed to such participant less applicable taxes. Our company has not previously invoked this clawback policy or required any capital contributions under it.

In addition to the awards described above, an arrangement was maintained for Mr. Rockwood with respect to one of our company s investments pursuant to which Mr. Rockwood received cash bonus payments based on the financial performance of this investment. The payments were determined with reference to internal rate of return thresholds for this investment, based on 3% of excess profits once the investment had achieved an internal rate of return of at least 15%. In 2009, we made a cash bonus payment to Mr. Rockwood in an amount equal to $34,153 under this arrangement, which was terminated in connection with the formalization of our PIP. This arrangement and our PIP were designed and implemented based on our status as a private company. We do not expect to make additional grants under our PIP following our initial public offering.

In connection with our initial public offering, we expect to exchange all of the outstanding awards under the PIP for operating partnership units and shares of our common stock. In exchange for their PIP awards, Ms. Beckman, Mr. Rockwood, Mr. Dunn and certain other of our executive officers and employees will receive a number of operating partnership units, based on our good faith estimate of the value of the operating partnership immediately prior to our initial public offering. The number of operating partnership units that will be issued in exchange for the PIP awards will be determined based on an assumed value per unit of $. Ms. Beckman, Mr. Rockwood and Mr. Dunn will receive , , and operating partnership units respectively in exchange for their PIP awards. In recognition of their services to us in connection with this offering, the vesting of the operating partnership units received by Ms. Beckman, Mr. Rockwood and Mr. Dunn in exchange for their PIP awards will be accelerated upon the closing of this offering, such that their operating partnership units will be 75% vested for Ms. Beckman, 75% vested for Mr. Rockwood and

60% vested for Mr. Dunn. The unvested operating partnership units will vest in three equal annual installments following the completion of this offering.

In connection with this offering, all other participants in our PIP will receive shares of our common stock, rather than operating partnership units, in exchange for their PIP awards. The number of shares of our common stock issued in exchange for the PIP awards will also be based on our good faith estimate of the value of the operating partnership immediately prior to our initial public offering. The number of shares of our common stock that will be issued in exchange for the PIP awards will be determined based on an assumed value per share of $.

In addition, in connection with this offering, employees who previously participated in our PIP, including our NEOs, will receive additional awards under our 2010 Plan, upon the completion of this offering. Certain other employees, including our Chief Executive Officer, Thomas Ray, will also receive awards under our 2010 Plan upon the completion of this offering. All employees will also be eligible to receive additional future awards under our 2010 Plan at the discretion of our board of directors at times and in amounts which have not yet been determined. For more information, please refer to the discussion under 2010 Equity Incentive Plan below.

Defined Contribution Plans. We have maintained a Section 401(k) Savings/Retirement Plan, or 401(k) Plan, for eligible employees of our company and any designated affiliate, including our NEOs. The 401(k) Plan Provides our NEOs and other employees with the opportunity to save for their future retirement by deferring compensation up to IRS imposed limits. We currently make safe harbor contributions to the 401(k) Plan in an amount equal to three percent (3%) of the participant s annual salary and subject to certain other limits. Plan participants vest immediately in the amounts contributed by us. Our employees are eligible to participate in the 401(k) Plan after six months of credited service.

Other Elements of Compensation and Perquisites. In addition to other elements of compensation, as described above, we provide the following benefits to our NEOs:

Medical Insurance. Our company, at its sole cost, provides to each NEO, the NEO s spouse and children such health, dental and vision insurance programs as our company makes available to other eligible employees of our company.

Life and Disability Insurance. Our company provides each NEO such short-term and long-term disability and/or life insurance as our company makes available to other eligible employees of our company. Our company offers life insurance coverage equal to the annual salary of each employee.

Relocation Allowance. Our company from time to time provides our NEO s and certain other employees with a relocation allowance as part of the overall compensation package intended to persuade such NEO to begin work for our company. In addition, our company may provide a NEO with a relocation allowance as part of an agreement to work in a specific company location. In 2009, we provided relocation allowances to Mr. Dunn in connection with his transfer and relocation to another company location and Mr. Brumer in connection with his relocation upon commencement of employment.

Parking Allowance. Our company provides each NEO with paid parking at each company location such as our company makes available to every other employee of our company.

Employment Agreements and Severance Arrangements

As of December 31, 2009, we had not entered into any employment agreements or any severance, change in control, or other similar arrangements with any of our NEOs, and we do not maintain any policies or programs that would provide our NEOs any right to payments or other benefits upon termination of employment, other than as required by law. From time to time, we have provided severance compensation to executive officers and other employees on a discretionary basis in various forms, at levels determined by our Chief Executive Officer and other managers as appropriate. However, we did not pay discretionary severance to any of our NEOs during 2009.

On August 1, 2010, Thomas Ray, our President and Chief Executive Officer, resigned from his position as a Managing Director of The Carlyle Group and entered into an employment agreement with us. The

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agreement has an initial one-year term, subject to automatic annual renewal, unless either party elects to terminate the agreement by providing at least 90 days notice prior to the applicable anniversary date. The agreement provides for an initial annual base salary of $250,000 and contains other customary employment terms including base salaries, bonuses and other incentive compensation and other benefits. Upon the completion of this offering, Mr. Ray s annual base salary will be increased to $425,000. Mr. Ray s employment agreement provides for an initial target annual performance bonus amount of $375,000. This target amount will be prorated for calendar year 2010 from his date of employment. Mr. Ray is also entitled to a one-time bonus of $220,000 payable upon or shortly following his start date.

Mr. Ray s employment agreement also provides for, among other things, severance payments and the continuation of certain benefits following certain terminations of employment by us or the termination of employment for Good Reason (as defined in the employment agreement) by Mr. Ray. Under these provisions, if Mr. Ray s employment is terminated by us without Cause (as defined in the employment agreement), or in connection with our non-renewal of the agreement, or Mr. Ray resigns for Good Reason, Mr. Ray will have the right to receive continued payment of his base salary and the continuation of health benefits at our expense for a period of 18 months following termination. In addition, Mr. Ray would receive a pro-rated lump sum payment upon termination in respect of his performance bonus amount for the year of termination. Mr. Ray would also be entitled to accelerated vesting of any outstanding unvested equity awards that would have vested based on the passage of time had he remained employed for 12 months after termination, and any of Mr. Ray s stock options would remain exercisable for at least a year following termination.

Mr. Ray s employment agreement provides that if he is terminated by us without Cause, or in connection with our non-renewal of the agreement, or he resigns for Good Reason, in each case within 60 days prior to or 12 months following a change in control of our company, then in addition to the payments and benefits described above, he would also receive an additional payment equal to his target performance bonus amount for the year of termination. In addition, the salary continuation amount described above would be paid in a lump sum and Mr. Ray would receive accelerated vesting of all of his outstanding unvested equity awards.

All of the foregoing severance benefits are conditioned on Mr. Ray executing a release of claims in favor of us following his termination. Mr. Ray s employment agreement also provides that if his employment is terminated by us due to his disability, he will receive accelerated vesting of any of his outstanding unvested equity awards that would have vested based on the passage of time if he had remained employed with us for 12 months following his termination.

Cause is defined in Mr. Ray s employment agreement as Mr. Ray having (i) failed to substantially perform his duties or carry out a reasonable directive from the Board of Directors, (ii) materially breached the employment agreement, or (iii) been convicted of certain crimes, unlawfully used illegal drugs during the performance of his duties, or committed an act of fraud, embezzlement, misappropriation, willful misconduct or breach of fiduciary duty against us, in each case subject to certain cure rights (other than with respect to clause (iii) in the foregoing). Good Reason is defined in Mr. Ray s employment agreement as (i) our material breach of the employment agreement, (ii) our reduction of Mr. Ray s base salary by more than 10% or outside of a broad-based based reduction for all executives, (iii) a material relocation of our executive offices, (iv) a requirement that Mr. Ray report to anyone other than our board of directors, or (v) a material reduction in Mr. Ray s position, duties or responsibilities, in each case subject to certain cure rights.

Mr. Ray s employment agreement also contains certain confidentiality covenants prohibiting Mr. Ray from, among other things, disclosing confidential information relating to us. The employment agreement also contains non-competition and non-solicitation restrictions, pursuant to which Mr. Ray will not be permitted to compete with us in certain circumstances for a period of 12 months following his termination of employment for any reason.

In connection with our initial public offering, we expect to enter into an agreement with Ms. Deedee Beckman, our Chief Financial Officer, who will continue to serve in her current position until we find a suitable replacement and, thereafter, for a period of time to assist in the transition process. Once we hire a new Chief Financial Officer, we expect Ms. Beckman will continue to provide services to us on a part-time basis to ensure a smooth transfer of her duties. We expect that Ms. Beckman s agreement will provide for an initial annual base salary of $245,000 (which will be reduced to $85,000 when Ms. Beckman begins her part-time employment with us), as well as customary provisions relating to benefits, bonuses and other incentive compensation awards. We expect that Ms. Beckman s initial target annual performance bonus amount will be $160,000, which will be adjusted downward to $42,500 when Ms. Beckman begins her part-time employment with us. We expect that Ms. Beckman will further be entitled to a one-time bonus of $245,000, or IPO Bonus, on March 31, 2011 if our initial public offering occurs prior to that date and Ms. Beckman remains employed with us through March 31, 2011. If Ms. Beckman s employment is terminated by reason of her death, she resigns with Good Reason or her employment is terminated by us without Cause or due to her disability, Ms. Beckman will be entitled to receive a pro-rated portion of her annual performance bonus for the calendar year in which her termination occurs and, if not already paid, the IPO Bonus (without regard to the requirement that she remain employed through March 31, 2011). We do not expect that Ms. Beckman will be entitled to any additional severance payments under her agreement. We also expect Ms. Beckman s agreement will contain customary non-competition, non-disparagement, non-solicitation and non-disclosure provisions.

We also expect, in connection with our initial public offering, to adopt a senior management severance and change in control program, in which we expect certain of our key employees, including each of our NEOs, other than Mr. Ray and Ms. Beckman, to participate. The severance plan will provide that if a participant is terminated by us at any time without Cause or the participant resigns for Good Reason, the participant will be entitled to receive the following severance payments and benefits: (i) continued payment of their base salary for a period of time equal to three months, plus one additional month for each year of service with us (subject to a maximum of 12 months); continued payment of health insurance premiums for a similar period of time; and (iii) accelerated vesting of any unvested equity awards that would have vested solely based on the passage of time had the participant remained employed with us for 12 months following termination. If such a termination occurs within 60 days prior to or nine months following a change in control of our company, participants would receive (i) 12 months of continued salary payments and health insurance premiums, (ii) a lump sum payment on termination of the participant s target bonus amount for the year of termination, (iii) an additional lump sump payment amount equal to the participant s pro-rated bonus for the year of termination, and (iv) accelerated vesting of all outstanding and unvested equity awards held by the participant. Each of the foregoing benefits will be conditioned on the participant executing a release of claims in favor of us following termination. The senior management severance and change in control plan will also contain certain confidentiality, non-solicitation and non-competition covenants. The non-competition and non-solicitation covenants will be in effect following termination for the period in which the participant would have received severance payments, based on an assumed termination (not in connection with a change in control) of the participant s employment by us without Cause on the date the participant s actual termination of employment occurs, and will apply regardless of whether severance payments are actually received under the plan.

The definitions of Cause and Good Reason in Ms. Beckman s employment agreement and in the senior management severance and change in control program are expected to be substantially similar to the definitions of those terms in Mr. Ray s employment agreement, other than changes related to differences in reporting relationships.

Compensation Recovery Policy

We maintain a compensation recovery policy relating to awards under and distributions pursuant to our PIP. Under these policies, any outstanding percentage interests in the PIP, whether or not vested are subject to forfeiture upon a participant s termination of employment for Cause. Cause is generally defined as an uncured failure of the participant to substantially perform his or her duties, a conviction or plea of guilty or no contest to certain crimes, use of illegal drugs while performing duties or on our company s premises, or any act of fraud, embezzlement, misappropriation, willful misconduct or material breach of fiduciary duty against our company. These provisions serve to help ensure that executive officers act in the best interest of our company and its equityholders. In addition, cash distributions in respect of awards under our PIP are subject to escrow and clawback policies as described above under 2009 Equity Compensation.

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Other Compensation Components

We believe that it is important to maintain flexibility to adapt our compensation structure to properly attract, motivate, and retain the top executive talent for which we compete. In connection with our initial public offering, as we revise our compensation program, we may provide compensation components that are different from or in addition to the components described above, including benefits and/or perquisites to our named executive officers, to ensure that we provide a balanced, comprehensive and competitive compensation structure, as deemed appropriate by the Compensation Committee.

Other Compensation Considerations

Tax Considerations. We have historically sought to compensate our NEOs and other employees in a manner that is tax efficient for both the employee and for us. Going forward, we expect to continue this approach, while maintaining flexibility with respect to the awards we may choose to grant under our compensation programs. For example, Section 162(m) of the Internal Revenue Code, which we expect will begin to impact us following our annual stockholders meeting in 2014, disallows a tax deduction for individual compensation exceeding $1.0 million in any taxable year for our Chief Executive Officer and each of the other NEOs (other than our Chief Financial Officer), unless compensation is performance based. We expect that, following this offering, we will seek to qualify the variable compensation paid to our NEOs for an exemption from the deductibility limitations of Section 162(m). As such, we will consider all elements of the cost to our company of providing such compensation, including the potential impact of Section 162(m). However, our Compensation Committee may, in its judgment, authorize compensation payments that do not comply with the exemptions in Section 162(m), such as when it believes that such payments are appropriate to attract and retain executive talent.

Accounting Considerations. ASC Topic 718, *Compensation Stock Compensation* (referred to as ASC Topic 718 and formerly known as FASB 123R), requires us to recognize an expense for the fair value of equity-based compensation awards. Grants of stock options, restricted stock, restricted stock units and performance units under our equity incentive award plans will be accounted for under ASC Topic 718. Going forward, we expect to consider the accounting implications of significant compensation decisions, especially in connection with decisions that relate to our equity incentive award plans and programs. As accounting standards change, we may revise certain programs to appropriately align accounting expenses of our equity awards with our overall executive compensation philosophy and objectives.

2009 Summary Compensation Table

The following table sets forth certain information with respect to the compensation paid to our named executive officers, other than our Chief Executive Officer for the fiscal year ended December 31, 2009.

Name and Principal Position	Salary ($)	Stock Awards ($)(3)	Bonus ($)(4)	All Other Compensation ($)(5)	Total ($)
Tom Ray					
Chief Executive Officer	540,000(1)				540,000
Deedee Beckman(2)					
Chief Financial Officer	79,167	86,574	100,000	34,480	300,220
Robert Rockwood					

Senior Vice President, Acquisitions	161,722	179,331	104,153	7,350	452,556
David Dunn					
Senior Vice President, Strategy and Marketing	152,578(6)	160,780	100,000	12,977	426,335
Ari Brumer(7)					
Former General Counsel	158,021	43,287	90,000	77,230	368,538

(1) During 2009, Mr. Ray was a managing director of The Carlyle Group and received all of his compensation directly from an affiliate of Carlyle, rather than from us. For fiscal year 2009, we paid the Carlyle affiliate $575,000 as reimbursement for services rendered to us by Mr. Ray and certain other Carlyle employees. The amount shown is an estimate of the portion of

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this payment that is allocable to the services provided to us by Mr. Ray. For a further discussion of payments we have made to Carlyle in respect of compensation for Mr. Ray s services to us, refer to the discussion under Certain Relationships and Related Party Transactions elsewhere in this prospectus.

(2) Prior to becoming an employee effective on March 16, 2009, Ms. Beckman served as a consultant to us. Consulting fees paid to Ms. Beckman in 2009 for her services to us are reflected in the amount shown under All Other Compensation, as described in note 5 below.

(3) Amounts shown reflect an estimate of the grant date fair value of the PIP interests granted to the named executive officers in December 2009, as described under Compensation Discussion and Analysis Elements of 2009 Compensation 2009 Equity Compensation. Equity awards under our PIP represent the right to receive cash distributions only to the extent our future net profits exceed certain internal rate of return thresholds and we cannot determine at this time whether or in what amount cash distributions will be made in respect of PIP awards. Cash distributions to holders of PIP interests are dependent on our future performance and the amounts shown were determined based upon an estimate of the probable outcome with respect to such performance in accordance with FASB ASC Topic 718. The amount payable in respect of PIP interests is not subject to any maximum and the value of PIP awards, assuming that the highest level of performance will be achieved, is not calculable.

(4) Amounts shown include annual cash bonuses awarded under our annual incentive award program. In addition, for Mr. Rockwood, the amount shown also includes a cash bonus payment of $34,153 made to Mr. Rockwood under an informal arrangement that was similar to our PIP, as it existed before December 2009, as described in more detail under Compensation Discussion and Analysis Elements of 2009 Compensation 2009 Equity Compensation.

(5) Amounts shown include (i) a relocation allowance for Mr. Dunn and Mr. Brumer of $6,900 and $74,030, respectively; (ii) 401(k) contributions in the following amounts: Ms. Beckman: $2,250; Mr. Rockwood: $7,350; Mr. Dunn: $6,077; and Mr. Brumer: $3,200; and (iii) $32,230 in consulting fees paid to Ms. Beckman in 2009 prior to her becoming an employee.

(6) The amount shown includes $2,578 in sales commissions paid to Mr. Dunn in 2009 in connection with a lease agreement we entered into with one of our customers in May 2008 and which were paid based upon our receiving payment under the contract.

(7) Mr. Brumer joined our company on February 23, 2009 and his employment with us was terminated effective as of May 24, 2010.

2009 Grants of Plan Based Awards

Our NEOs received no grants of plan based awards in 2009 other than the awards received under our PIP, as described in more detail above under 2009 Equity Compensation. The following table sets forth the percentage interest grants made to each of our NEOs in connection with the formalization of our PIP in 2009.

Name and Principal Position	Date of Grant	All Other Stock Awards: Number of Shares of Stocks or Units	Grant Date Fair Value of Stock Awards ($)(1)
Deedee Beckman			
Chief Financial Officer	Dec. 22, 2009	1.40%	86,574
Robert Rockwood			

Senior Vice President, Acquisitions	Dec. 22, 2009	2.90%	179,331
David Dunn			
Senior Vice President, Strategy and Marketing	Dec. 22, 2009	2.60%	160,780
Ari Brumer			
Former General Counsel	Dec. 22, 2009	0.70%	43,287

(1) Amounts shown reflect an estimate of the grant date fair value of the PIP interests granted to the named executive officers in December 2009, as described under Compensation Discussion and Analysis Elements of 2009 Compensation 2009 Equity Compensation. For a further discussion related to the value of PIP awards, please refer to note 3 under 2009 Summary Compensation Table.

Outstanding Equity Awards at December 31, 2009

The following table sets forth the portion of the percentage grants held by each of our NEOs under our PIP that were not vested as of December 31, 2009. Though awards may be unvested, participants in our PIP are deemed to be 100% vested in distributions that may occur during their period of continuous employment with us. In connection with this offering, outstanding awards under our PIP will be exchanged for operating partnership

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units and shares of our common stock, as described under Compensation Discussion and Analysis Elements of 2009 Compensation 2009 Equity Compensation.

Name and Principal Position	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(3)
Deedee Beckman		
Chief Financial Officer	0.40%(1)	24,735
	0.32%(2)	19,788
Robert Rockwood		
Senior Vice President, Acquisitions	1.00%(1)	61,838
	0.32%(2)	19,788
David Dunn		
Senior Vice President, Strategy and Marketing	1.00%(1)	61,838
	0.08%(2)	4,947
Ari Brumer		
Former General Counsel	0.56%(2)	34,630

(1) Represents awards under our PIP with a vesting start date occurring during 2007. The awards, although granted in 2009, were deemed to have vested 20% on December 31, 2007 and would have vested 20% on each December 31, thereafter up to a maximum of 80% vesting. In connection with this offering, vesting will be accelerated with respect to a portion of the operating partnership units that will be received by Ms. Beckman, Mr. Rockwood and Mr. Dunn in exchange for their outstanding awards under our PIP, such that the units will be 75% vested for Ms. Beckman and Mr. Rockwood and 60% vested for Mr. Dunn. The unvested units will vest in three equal annual installments following the completion of this offering.

(2) Represents awards under our PIP with a vesting start date occurring during 2009. The awards vested 20% on December 31, 2009 and would have vested 20% on each December 31, thereafter up to a maximum of 80% vesting. In connection with this offering, vesting will be accelerated with respect to a portion of the operating partnership units that will be received by Ms. Beckman, Mr. Rockwood and Mr. Dunn in exchange for their outstanding awards under our PIP, such that the units will be 75% vested for Ms. Beckman and Mr. Rockwood and 60% vested for Mr. Dunn. The unvested units will vest in three equal annual installments following the completion of this offering.

(3) The amounts shown represent an estimate of the fair market value of the unvested portion of each of our named executive officer s PIP awards as of December 31, 2009. For a further discussion related to the value of PIP awards, please refer to note 3 under 2009 Summary Compensation Table.

Awards Vested in 2009

The following table shows the percentage of each of our NEOs awards under our PIP that vested during 2009. In each case, the amount of the award that vested during 2009 is the amount of each award that was deemed vested as of the date of grant of December 31, 2009.

Name and Principal Position	Awards Vesting (#)	Value Realized on Vesting ($)(1)
Deedee Beckman		
Chief Financial Officer	0.68%	42,050
Robert Rockwood		
Senior Vice President, Acquisitions	1.58%	97,704
David Dunn		
Senior Vice President, Strategy and Marketing	1.52%	93,994
Ari Brumer		
Former General Counsel	0.14%	8,657

(1) The amounts shown represent an estimate of the fair market value of the portion of each named executive officer s PIP award that was deemed vested as of the grant of such award on December 22, 2009 or which vested on December 31, 2009. For a further discussion of PIP awards, please refer to Compensation Discussion and Analysis Elements of 2009 Compensation 2009 Equity Compensation. For a further discussion related to the value of PIP awards, please refer to note 3 under 2009 Summary Compensation Table.

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Pension Benefits

The named executive officers do not participate in any pension plans and received no pension benefits (other than with respect to our defined contribution 401(k) plan) during the year ended December 31, 2009.

Nonqualified Deferred Compensation

The named executive officers do not participate in any nonqualified deferred compensation plans and received no nonqualified deferred compensation during the year ended December 31, 2009.

Potential Payments Upon Termination or Change in Control

Assuming each of the NEOs had terminated employment of December 31, 2009, none of the NEOs would have been entitled to any severance or change in control benefits. For more information, refer to the discussion under Employment Agreements and Severance Arrangements in the Compensation Discussion and Analysis above.

2010 Equity Incentive Plan

In connection with our initial public offering, we intend to adopt a new equity incentive plan, which we refer to as the 2010 Plan, under which we expect to grant incentive awards to eligible service providers in order to attract, motivate and retain the talent for which we compete. The material terms of the 2010 Plan are summarized below.

Eligibility and Administration

Our employees and our subsidiaries employees, consultants and directors will be eligible to receive awards under the 2010 Plan. The 2010 Plan will generally be administered by the Compensation Committee, or the plan administrator. However, our Board of Directors determines the terms and conditions of, interprets and administers the 2010 Plan for awards granted to our non-employee directors and, with respect to these awards, the term plan administrator refers to our Board of Directors. As appropriate, administration of the 2010 Plan may be re-vested in our Board of Directors. In addition, for administrative convenience, our Board of Directors or the compensation committee may determine to grant to one or more members of our Board of Directors or to one or more officers the authority to make grants to individuals who are not directors or executive officers.

Securities Subject to the 2010 Plan

We have reserved a total of shares of our common stock for issuance pursuant to the 2010 Plan. That number may be adjusted for changes in our capitalization and certain corporate transactions, as described below under the heading Changes in Control and Corporate Transactions.

To the extent that an award expires, terminates or lapses, or an award is settled in cash without the delivery of shares of common stock to the participant, then any unexercised shares subject to the award will be available for future grant or sale under the 2010 Plan. Shares of restricted stock which are forfeited or repurchased by us pursuant to the 2010 Plan may again be optioned, granted or awarded under the 2010 Plan. The payment of dividend equivalents in cash in conjunction with any outstanding awards will not be counted against the shares available for issuance under the 2010 Plan.

Awards

Stock Options. The 2010 Plan provides for discretionary grants of non-qualified stock options, or NQSOs, to employees, non-employee directors and consultants. The 2010 Plan also provides for the grant of incentive stock options, or ISOs, which may only be granted to our employees and employees of our qualifying subsidiaries. Options may be granted with terms determined by the plan administrator; provided that ISOs must meet the requirements of Section 422 of the Code. The exercise price for stock options granted under the 2010 Plan is set by the plan administrator and may not be less than fair market value on the date of grant.

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Stock Appreciation Rights. The 2010 Plan provides for discretionary grants of stock appreciation rights to employees, non-employee directors and consultants. Stock appreciation rights may be granted with terms determined by the plan administrator, provided that the exercise price for stock appreciation rights may not be less than fair market value on the date of grant. The plan administrator may pay amounts owed upon exercise of a stock appreciation right in shares of common stock or cash or a combination of both, at the plan administrator s discretion.

Other Stock Based Awards. The 2010 Plan allows for various other awards including dividend equivalents, stock payments, restricted stock units and other incentive awards, with such terms generally as the plan administrator may determine in its discretion, provided that no dividend equivalents may be payable with respect to options or stock appreciation rights.

Awards Generally Not Transferable

Awards under the 2010 Plan are generally not transferable during the award holder s lifetime without the consent of the plan administrator. The plan administrator may allow an award to be transferable to certain permitted transferees for estate or tax planning purposes.

Changes in Control and Corporate Transactions

In the event of certain changes in the capitalization of our company or certain corporate transactions involving our company (such as a stock split, stock dividend, a combination or exchange of shares, merger, recapitalization, distribution of assets to stockholders (other than normal cash dividends) or any other corporate event affecting our stock or the share price of our stock) and certain other events (including a change in control, as defined in the 2010 Plan), the plan administrator may make proportionate adjustments to:

- the aggregate number and type of shares that may be issued under the 2010 Plan;
- the limitations on the maximum number of shares that may be subject to awards granted under the 2010 Plan to any individual in any calendar year;
- the terms and conditions of any outstanding awards under the 2010 Plan; and
- the grant or exercise price per share for any outstanding awards under the 2010 Plan.

Should any of the foregoing events or certain other events (including a change in control, as defined in the 2010 Plan) occur, the plan administrator is authorized to provide for the acceleration, cash-out, termination, assumption, substitution or conversion of awards under the 2010 Plan. Except as may be set forth in the applicable award agreement, if a change in control occurs and the holder s awards are not continued, converted, assumed or replaced, those awards become fully exercisable and vested. Award holders will also have an opportunity to exercise any vested awards prior to the consummation of such changes in control or other corporate transactions or events.

Term of the Plan; Amendment and Termination

The 2010 Plan will be in effect until the tenth anniversary of the date it is approved by our Board of Directors, unless our Board of Directors terminates the 2010 Plan at an earlier date. Our Board of Directors may terminate the 2010 Plan at any time with respect to any shares not then subject to an award under the Plan. Our Board of Directors may also modify the 2010 Plan from time to time, except that our Board of Directors may not, without prior stockholder approval, (1) amend the 2010 Plan so as to increase the number of shares of stock that may be issued under the 2010 Plan, or (2) amend the 2010 Plan in any manner which would require stockholder approval to comply with any applicable law, regulation or rule.

Expected IPO Awards to Employees under 2010 Plan

Prior to the completion of this offering, we expect that our Board of Directors will approve the grant of awards under our 2010 Plan to approximately 90 employees, conditioned upon the consummation of this offering, to reward the services of certain of our employees in connection with this offering and to implement appropriate retention and performance incentives for our workforce. The number of shares subject to these awards will be determined by reference to a total dollar amount, with the number of shares determined based on the initial public offering price per share of our common stock in this offering. Such awards are expected to consist of the following:

Options to purchase an aggregate amount of shares of our common stock (based on the midpoint of the range set forth on the cover page of this prospectus), with a per share exercise price equal to the initial public offering price in this offering, which options will be granted effective on the date the per share price in this offering is determined. These options will include options to be granted to Mr. Ray, options to be granted to Ms. Beckman, options to be granted to Mr. Rockwood and options to be granted to Mr. Dunn (in each case based on the midpoint of the range set forth on the cover page of this prospectus). We expect that these options will vest and become exercisable over a period of four years.

of our restricted common shares (based on the midpoint of the range set forth on the cover page of this prospectus), which restricted common shares will be granted on the date we file a registration statement on Form S-8 covering these shares, which we expect will occur on or shortly following the closing date of this offering. These restricted common shares will include shares to be granted to Mr. Ray, shares to be granted to Ms. Beckman, shares to be granted to Mr. Rockwood and shares to be granted to Mr. Dunn (in each case based on the midpoint of the range set forth on the cover page of this prospectus). We expect that a portion the shares will vest over a period of three years and a portion will vest over a period of four years (all of the shares granted to Mr. Ray will vest over four years), provided, however, that (i) to reward their service to us in connection with this offering, Ms. Beckman, Mr. Rockwood, Mr. Dunn and one other employee will receive a special grant of , , and restricted common shares, respectively, of which 75%, 75%, 60% and 60%, respectively, will be vested on the date of grant of such shares, with the remaining portion vesting over three years following the date of grant, and (ii) for certain recipients (not including any of our NEOs), a portion of the shares, totaling shares in the aggregate, will vest in April 2011 to provide liquidity to address tax obligations related to the exchange of their awards under our PIP, as described above under 2009 Equity Compensation.

Limitation of Liability and Indemnification

Maryland law permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages, except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. Our charter contains a provision that eliminates our directors and officers liability to the maximum extent permitted by Maryland law.

Maryland law requires a Maryland corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made or threatened to be made a party by reason of his or her service in that capacity. Maryland law permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that:

the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty;

the director or officer actually received an improper personal benefit in money, property or services; or in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

Under Maryland law, a Maryland corporation also may not indemnify a director or officer in a suit by or in the right of the corporation in which the director or officer was adjudged liable to the corporation or for a judgment of liability on the basis that a personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the director or officer met the prescribed standard of conduct; however, indemnification for an adverse judgment in a suit by us or in our right, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses.

In addition, Maryland law permits a Maryland corporation to advance reasonable expenses to a director or officer upon receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed if it is ultimately determined that the standard of conduct was not met.

Our charter authorizes us to obligate our company, and our bylaws obligate us, to the maximum extent permitted by Maryland law, to indemnify

- any present or former director or officer who is made or threatened to be made a party to a proceeding by reason of his or her service in such capacity and

- any individual who, while a director or officer and, at our request, serves or has served as a director, officer, trustee, partner, member or manager of another corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise who is made or threatened to be made a party to a proceeding by reason of his or her service in such capacity,

against any claim or liability by reason of that status and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding without requiring a preliminary determination of his or her ultimate entitlement to indemnification. The rights to indemnification and advance of expenses provided by our charter and bylaws vest immediately upon election of a director or officer. Our charter and bylaws also permit us to indemnify and advance expenses to any individual who served a predecessor of our company or any entity acquired by our company, or its predecessors, if any, or any partnership controlled by our company, or its predecessors, if any, in any of the capacities described above and any employee or agent of us or a predecessor of our company or acquired entity. Prior to the offering, we intend to enter into indemnification agreements with each of our executive officers and directors that will obligate us to indemnify them to the maximum extent permitted by Maryland law. A copy of the form of indemnification agreement is attached as an exhibit to the registration statement of which this prospectus forms a part.

In addition, our directors and officers are also indemnified by our operating partnership for the same or similar liabilities and expenses pursuant to the partnership agreement of CoreSite, L.P.

Code of Ethics

The Audit Committee and the Board of Directors have adopted a code of ethics (within the meaning of Item 406(b) of Regulation S-K) that applies to the Board of Directors, Chief Executive Officer, Chief Financial Officer and Controller. The Board of Directors believes that these individuals must set an exemplary standard of conduct for our company, particularly in the areas of accounting, internal accounting control, auditing and finance. The code of ethics sets forth ethical standards the designated officers must adhere to. The code of ethics has been posted to our company s website www.coresite.com.

Compensation Committee Interlocks and Insider Participation

There are no compensation committee interlocks and none of our employees will participate on the compensation committee. David Wilson has been designated as chair and Michael Koehler and Paul Szurek have been appointed as members of the audit committee.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Restructuring Transactions

Immediately prior to the completion of the initial public offering of our common stock, we will enter into a series of transactions with the Carlyle real estate funds or their affiliates to create our new organizational structure. In connection with this restructuring, all of the property and non-cash assets that will be used in the operation of our company s business will be contributed to our operating partnership. While all of these properties and assets have been operated under common management and the CoreSite brand, they have been owned by different entities affiliated with the Carlyle real estate funds since they were initially acquired or developed by the Carlyle real estate funds or their affiliates. Prior to the Restructuring Transactions, each of the properties or leasehold interests that will comprise our portfolio, as well as the other assets used by us to manage the portfolio, were held in separate partnerships or limited liability companies each of which was formed by one or more of the Carlyle real estate funds or their affiliates for the purpose of acquiring, holding and operating these properties or assets. These partnerships or limited liability companies were held by the applicable real estate fund through one or more holding companies the sole purpose of which was to hold such interest or to obtain related financing. In order to simplify the organizational structure of our Company following our initial public offering, certain of the holding companies will be liquidated or merged prior to the contribution in connection with the Restructuring Transactions. Although our portfolio has been owned by various Carlyle real estate funds or their affiliates, all of our data centers have been managed by our management team.

In the Restructuring Transactions, and prior to the completion of this offering, the Carlyle real estate funds or their affiliates will contribute 100% of their ownership interests in the entities that, directly or indirectly, own or lease all of the properties that comprise our portfolio and all the other non-cash assets used in our business. The aggregate undepreciated book value plus construction in progress of the contributed properties was $542.8 million as of December 31, 2009. In exchange for this contribution, our operating partnership will issue to the Carlyle real estate funds or their affiliates operating partnership units in the aggregate having a total value of $ million, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions). Of these operating partnership units, approximately %, or $ million in value, will be issued to our Predecessor and %, or $ million in value, will be issued to the entities contributing our Acquired Properties, in each case, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions). Of these operating partnership units, approximately %, or $ million in value, %, or $ million in value, and %, or $ million in value, respectively, will be issued to One Wilshire Holdings, LLC, 900 N. Alameda Holdings, LLC and 12100 Sunrise Valley Drive Holdings, LLC, each of which is expected to hold operating partnership units exchangeable (without giving effect to the 12 month restriction on such an exchange) into five percent or more of our common stock after the completion of this offering. All of the operating partnership units held by each of these three entities are beneficially held by DBD Investors V, L.L.C. See Principal Stockholders.

Concurrently with the completion of this offering, we will use a portion of the cash proceeds to purchase from the Carlyle real estate funds and their affiliates operating partnership units in the aggregate, at a price per unit equal to the initial public offering price per share for our common stock (less underwriting discounts and commissions) for an aggregate purchase price of $, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions). Our Predecessor will sell operating partnership units to us for an aggregate purchase price of $, and the entities that contributed our Acquired Properties will sell operating partnership units to us for an aggregate purchase price of $, in each case, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions). Proceeds from these sales of approximately $ million, $ million and $ million, will be received by One Wilshire

Holdings, LLC, 900 N. Alameda Holdings, LLC and 12100 Sunrise Valley Drive Holdings, LLC. We will also purchase an additional newly-issued operating partnerships units from our operating partnership for $, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions). Following our purchase of the operating partnerships units from the Carlyle real estate funds and their affiliates and the newly-issued operating partnerships units from our operating partnership, we will own % of the operating partnership units then outstanding.

Upon completion of this offering, the Carlyle real estate funds and their affiliates will have received aggregate consideration with a value of $ million, consisting of $ million in cash and $ million in operating partnership units. Following our purchase of these units, the Carlyle real estate funds or their affiliates will have an aggregate beneficial ownership interest in our operating partnership of approximately %, which, if exchanged for our common stock, would represent an approximately % interest in our common stock, with % being held by our Predecessor and % being held by the entities contributing our Acquired Properties. In the event that the underwriters of the offering exercise their over-allotment option in full, we will purchase from the Carlyle real estate funds or their affiliates an aggregate of of these operating partnership units for an aggregate purchase price of $, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions), and we will purchase from our operating partnership an additional newly-issued operating partnership units for $, at the same price per unit. Following such purchases, we and the Carlyle real estate funds and their affiliates would own % and % of the operating partnership units then outstanding, respectively.

The operating partnership units received by each of the Carlyle real estate funds in consideration for each funds contribution of properties to our operating partnership and the successive purchase of operating partnership units from those funds was determined by the relative valuations of each of the properties being contributed based on a fairness opinion commissioned by the Carlyle real estate funds and their affiliates for the limited purpose of determining the fairness to each of these entities, from a financial point of view, and the resulting allocation of the operating partnership units as among these entities to be received in consideration for the property or properties contributed by each such entity. The value of the consideration to be received by each of the Carlyle real estate fund in connection with the offering will ultimately be determined by the initial public offering price of our common stock, and will increase or decrease as the initial public offering price of our common stock increases or decreases. The initial public offering price will be negotiated between the representatives of the underwriters and us. In determining the initial public offering price of our common stock, the representatives of the underwriters will consider, among other things, our record of operations, management, estimated net income, estimated funds from operations, estimated cash available for distribution, anticipated dividend yield, growth prospects, current market valuations, financial performance and dividend yields of publicly traded companies considered to be comparable to us and the current state of the economy as a whole.

Pursuant to the Contribution Agreement, each of the affiliates of the Carlyle real estate funds that are contributing one or more entities to the operating partnership will make certain representations and warranties as to certain material matters related to the property being contributed by such fund or affiliate such as title to any owned property, compliance with laws (including environmental laws) and the enforceability of certain material customer contracts and leases. It shall be a condition to the closing of the Restructuring Transactions that the representations and warranties are true and correct in all material respects when made and as of the date the offering is priced. In the event that such representations and warranties are not true and correct, the party that contributed the property to which such losses relate will indemnify the operating partnership for any resulting losses. No contributor will be liable unless and until the amount of losses exceeds 1% of the aggregate value of the operating partnership units received by all of the Carlyle funds or their affiliates (based upon the initial offering price). The liability of each contributor will be limited to 10% of the value of the operating partnership units (based upon the initial offering price) received by such contributor (including operating partnership units purchased by us from the Carlyle real estate funds or their affiliates at closing) in connection with the Restructuring Transactions, and, with respect to any liability that arises from a specific contributed property, such indemnification will be limited to 10% of the value of the operating partnership units (based on the initial offering price) issued in respect of such contributed property. The representations and warranties made by the affiliates of the Carlyle real estate funds, will survive for a period of one year after the completion of the offering and in the event that we do not become aware of a breach until after the end of such period or if we otherwise fail to assert a claim prior to such date, we will have no further recourse against the contributors.

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Under the Contribution Agreement, we agree to pay all fees and expenses of the Carlyle funds incurred in connection with the Restructuring Transactions and the Financing Transactions, including any prepayment penalties incurred in connection with any outstanding indebtedness that is refinanced by us or any amendment fee charged in respect of any indebtedness that remains outstanding following the offering.

Additionally, concurrently with the completion of this offering, we will issue shares to certain members of our management and our operating partnership units to certain other members of our management, in each case, in exchange for previously issued profits interests under our profits interest incentive program, or PIP. All previously issued profits interest awards under the PIP will be exchanged for operating partnership units or shares of our common stock in connection with the completion of the Restructuring Transactions and our initial public offering. Following the completion of our initial public offering, all future equity incentive awards will be granted under our 2010 Equity Incentive Plan. See Management Executive Officer Compensation Compensation Discussion and Analysis Elements of 2009 Compensation.

As a result of the Restructuring Transactions, after the completion of this offering, substantially all of our assets will be held by, and our operations conducted through, CoreSite, L.P. and its subsidiaries. We intend to elect to be taxed and to operate in a manner that will allow us to qualify as a REIT for federal income tax purposes beginning with our tax year ending December 31, 2010. Substantially all of our interconnection services will be provided by CoreSite Services, Inc., our TRS, a wholly owned subsidiary of our operating partnership. We will control CoreSite, L.P. as general partner and as the owner of approximately % of the operating partnership units. Our primary asset will be our general and limited partner interests in our operating partnership.

Other Transactions

We lease 1,515 NRSF of space at our 12100 Sunrise Valley property to an affiliate of The Carlyle Group. The lease commenced on July 1, 2008 and expires on June 30, 2013. Rental revenue was approximately $155,300 for the year ended December 31, 2009. Additionally, we sublease space in our Denver corporate headquarters from an affiliate of Carlyle. The lease commenced on April 25, 2007 and expires on October 31, 2012. Rental expense was approximately $60,300 for the year ended December 31, 2009.

On August 1, 2010, Mr. Ray, a member of our Board of Directors, and formerly a managing director of Carlyle, resigned from his position at Carlyle and entered into an employment agreement with us to serve exclusively as our President and Chief Executive Officer. Historically, Mr. Ray s compensation and the salary of his executive assistant were paid by an affiliate of Carlyle. However, we paid the affiliate of Carlyle $287,500 and $575,000 as partial reimbursement for related services rendered to us by Mr. Ray and his executive assistant during the six months ended June 30, 2010 and the year ended December 31, 2009, respectively.

Affiliates of The Carlyle Group caused letters of credit to be issued by various financial institutions to guarantee lease commitments, payments to vendors and construction redevelopment at certain properties in our portfolio. Prior to or concurrently with the completion of this offering, letters of credit for four of our properties totaling $9.4 million will be cancelled and replaced by letters of credit, which we expect we will cause to be issued under our new revolving credit facility.

On February 17, 2010, in connection with our formation, Thomas M. Ray was issued 1,000 shares of our common stock for total consideration of $10.00 in cash in order to provide CoreSite Realty Corporation s initial capitalization.

Prior to the completion of this offering, we will enter into an agreement with certain of the Carlyle real estate funds granting them certain rights to receive information about us and to consult with and advise us on significant matters so long as they continue to own any operating partnership units or shares of our common stock and the number of operating partnership units and shares of common stock held collectively by the Carlyle real estate funds or their affiliates is equal to or greater than 5% of the total number of shares of outstanding common stock (assuming all operating partnership units are exchanged for common stock). This agreement will also provide that for so long as Carlyle has the right to nominate directors for election to our

Board, such rights will be assigned to two of these funds. The Carlyle real estate funds will agree to maintain the confidentiality of any material non-public information they receive in connection with the foregoing and the Carlyle real estate funds will not receive any compensation or expense reimbursement pursuant to this agreement.

Statement of Policy Regarding Transactions with Related Parties

Our Nominating and Corporate Governance Committee is responsible for reviewing and evaluating potential conflicts of interest and reviewing and approving any related party transactions. See Policies with Respect to Certain Activities Conflict of Interest Policy.

Registration Rights Agreement

All holders of operating partnership units will receive registration rights with respect to shares of our common stock that may be issued to them upon redemption of the operating partnership units held by them. See Shares Eligible for Future Sale Registration Rights Agreement and Description of the Partnership Agreement of CoreSite, L.P.

Tax Protection Agreement

We have agreed with each of the Carlyle real estate funds or their affiliates which have directly or indirectly contributed their interests in the properties in our portfolio to our operating partnership that if we directly or indirectly sell, convey, transfer or otherwise dispose of all or any portion of these interests in a taxable transaction, we will make an interest-free loan to the contributors in an amount equal to the contributor s tax liabilities, based on an assumed tax rate. Any such loan would be repayable out of the after-tax proceeds (based on an assumed tax rate) of any distribution from the operating partnership to, or any sale of operating partnership units (or common stock issued by us in exchange for such units) by, the recipient of such loan, and would be non-recourse to the borrower other than with respect to such proceeds. These tax protection provisions apply for a period expiring on the earlier of (i) the seventh anniversary of the completion of this offering and (ii) the date on which these contributors (or certain transferees) dispose in certain taxable transactions of 90% of the operating partnership units that were issued to them in connection with the contribution of these properties.

Indemnification of Officers and Directors

Effective upon completion of this offering, we will enter into an indemnification agreement with each of our executive officers and directors as described in Management Limitation of Liability and Indemnification.

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POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of our policies with respect to investments, financing and certain other activities. These policies may be amended and revised from time to time at the discretion of our Board of Directors without notice to or a vote of our stockholders.

Investment Policies

Investment in Real Estate or Interests in Real Estate

We will conduct all of our investment activities through our operating partnership and its subsidiaries. Our investment objectives are to maximize the cash flow of our properties, provide quarterly cash distributions and achieve long-term capital appreciation for our stockholders through increases in the value of our company. We have not established a specific policy regarding the relative priority of these investment objectives. For a discussion of our properties and our acquisition and other strategic objectives, see Business and Properties.

We expect to pursue our investment objectives primarily through the ownership by our operating partnership of the properties and other acquired properties and assets. We currently intend to invest primarily in technology-related real estate. Future investment or development activities will not be limited to any geographic area, property type or to a specified percentage of our assets. While we may diversify in terms of property locations, size and market, we do not have any limit on the amount or percentage of our assets that may be invested in any one property or any one geographic area. We intend to engage in such future investment activities in a manner that is consistent with our qualification as a REIT for federal income tax purposes. In addition, we may purchase or lease income-producing technology-related and other types of properties for long-term investment, expand and improve the properties we presently own or other acquired properties, or sell such properties, in whole or in part, when circumstances warrant.

We may also participate with third parties in property ownership, through joint ventures or other types of co-ownership. These types of investments may permit us to own interests in larger assets without unduly restricting our diversification and, therefore, provide us with flexibility in structuring our portfolio. We will not, however, enter into a joint venture or other partnership arrangement to make an investment that would not otherwise meet our investment policies.

Equity investments in acquired properties may be subject to existing mortgage financing and other indebtedness or to new indebtedness which may be incurred in connection with acquiring or refinancing these properties. Debt service on such financing or indebtedness will have a priority over any dividends with respect to our common stock. Investments are also subject to our policy not to be treated as an investment company under the Investment Company Act of 1940, as amended, or the 1940 Act.

Investments in Real Estate Mortgages

While our current portfolio consists of, and our business objectives emphasize, equity investments in technology-related real estate, we may, at the discretion of our Board of Directors, invest in mortgages and other types of real estate interests consistent with our qualification as a REIT. We do not presently intend to invest in mortgages or deeds of trust, but may invest in participating or convertible mortgages if we conclude that we may benefit from the gross revenues or any appreciation in value of the property. Investments in real estate mortgages run the risk that one or more borrowers may default under the mortgages and that the collateral securing those mortgages may not be sufficient to enable us to recoup our full investment.

Securities of or Interests in Persons Primarily Engaged in Real Estate Activities and Other Issuers

Subject to the percentage of ownership limitations and gross income tests necessary for REIT qualification, although we have not done so in the past, we may in the future invest in securities of other REITs, other entities engaged in real estate activities or securities of other issuers, including for the purpose of exercising control over such entities. We do not intend that our investments in securities will require us to register as an investment company under the 1940 Act, and we would intend to divest such securities before any such registration would be required.

Dispositions

We do not currently intend to dispose of any of our properties, although we reserve the right to do so if, based upon management s periodic review of our portfolio, our Board of Directors determines that such action would be in the best interest of our stockholders. We have agreed with the Carlyle real estate funds and their affiliates who will directly or indirectly contribute their interests in the properties in our portfolio that we will make an interest free loan to them in an amount equal to their assumed tax liabilities in the event that we sell any of the properties contributed by them within seven years of the date of the offering in certain taxable transactions, and we may agree to similar arrangements in the future with third parties who contribute properties to the operating partnership in exchange for operating partnership units. See Certain Relationships and Related Party Transactions Tax Protection Agreement for a description of such arrangements. As a result of our obligations under these agreements, it may be more costly or economically disadvantageous for us to sell a property even though it may be in our company s best interest to do so.

Financing Policies

Our charter and bylaws do not limit the amount or percentage of indebtedness that we may incur, nor have we adopted any policies addressing this. We are, however, subject to certain indebtedness limitations pursuant to the restrictive covenants of our outstanding indebtedness, including our revolving credit facility.

We anticipate that our Board of Directors will adopt a policy of limiting the amount of indebtedness we incur. Our Board of Directors may from time to time modify our debt policy in light of then-current economic conditions, relative costs of debt and equity capital, market values of our properties, general conditions in the market for debt and equity securities, fluctuations in the market price of our common stock, growth and acquisition opportunities and other factors. If these policies are relaxed, we could become more highly leveraged, resulting in an increased risk of default on our obligations and a related increase in debt service requirements that could adversely affect our financial condition and results of operations and our ability to make distributions to our stockholders. We intend to adopt a policy relating to the use of derivative financial instruments to hedge interest rate risks related to our borrowings. This policy will govern our use of derivatives to manage the interest rates on our variable rate borrowings. We expect our policy to state that we will not use derivatives for speculative or trading purposes and will only enter into contracts with major financial institutions based on their credit rating and other factors. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

Conflict of Interest Policy

Sale or Refinancing of Properties

Upon the sale of certain of our properties and on the repayment of indebtedness, certain holders of operating partnership units could incur adverse tax consequences which are different from the tax consequences to us and to holders of our common stock and preferred stock. Consequently, holders of operating partnership units may have differing objectives regarding the appropriate pricing and timing of any such sale or repayment of indebtedness.

While we will have the exclusive authority under the partnership agreement to determine whether, when, and on what terms to sell a property or when to refinance or repay indebtedness, any such decision would require the approval of our Board of Directors. The limited partners of our operating partnership have agreed that in the event of a conflict in the fiduciary duties owed by us to our stockholders and, in our capacity as general partner of our operating partnership, to such limited partners, we will fulfill our fiduciary duties to our operating partnership by acting in the best interests of our stockholders. See Description of the Partnership Agreement of CoreSite, L.P.

Policies Applicable to All Directors and Officers

We will adopt a code of ethics that prohibits conflicts of interest between our officers, employees and directors on the one hand, and our company on the other hand, except in compliance with the policy. Waivers of our code of ethics will be required to be disclosed in accordance with NYSE and Securities and Exchange Commission requirements. In addition, we will adopt corporate governance guidelines to assist our Board of Directors in the exercise of its responsibilities and to serve our interests and those of our stockholders. In addition, our Board of Directors is subject to certain provisions of Maryland law, which are also designed to eliminate or minimize conflicts.

However, there can be no assurance that these policies or provisions of law will always be successful in eliminating the influence of such conflicts, and if they are not successful, decisions could be made that might fail to reflect fully the interests of all stockholders. For example, certain of the directors affiliated with the Carlyle real estate funds or their affiliates are engaged in certain real estate related businesses and these funds may invest in businesses that compete with us, including the acquisition of properties suitable for use, or currently operate, as data centers.

Interested Director and Officer Transactions

Pursuant to the MGCL, a contract or other transaction between us and a director or between us and any other corporation or other entity in which any of our directors is a director or has a material financial interest is not void or voidable solely on the grounds of such common directorship or interest, the presence of such director at the meeting at which the contract or transaction is authorized, approved or ratified or the counting of the director s vote in favor thereof, provided that:

- the fact of the common directorship or interest is disclosed or known to our Board of Directors or a committee of our Board of Directors, and our Board of Directors or committee authorizes, approves or ratifies the transaction or contract by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum;
- the fact of the common directorship or interest is disclosed or known to our stockholders entitled to vote thereon, and the transaction or contract is authorized, approved or ratified by a majority of the votes cast by the stockholders entitled to vote other than the votes of shares of stock owned of record or beneficially by the interested director or corporation, firm or other entity; or
- the transaction or contract is fair and reasonable to us as of the time it is authorized, approved or ratified.

Furthermore, under Delaware law (where our operating partnership is formed), we, as general partner, have a fiduciary duty to our operating partnership and, consequently, such transactions are also subject to the duties of care and loyalty that we, as general partner, owe to limited partners in our operating partnership (to the extent such duties have not been eliminated pursuant to the terms of the partnership agreement). We will adopt a policy which requires that all contracts and transactions between us, our operating partnership or any of our subsidiaries, on the one hand, and any of our directors or executive officers or any entity in which such director or executive officer is a director or has a material financial interest, on the other hand, must be approved by the affirmative vote of a majority of the disinterested directors even if less than a quorum. Where appropriate in the judgment of the disinterested directors, our Board of Directors may obtain a fairness opinion or engage independent counsel to represent the interests of nonaffiliated securityholders, although our Board of Directors will have no obligation to do so.

Policies with Respect to Other Activities

We will have authority to offer common stock, preferred stock or options to purchase stock in exchange for property and to repurchase or otherwise acquire our common stock or other securities in the open market or otherwise, and we may engage in such activities in the future. As described in Description of the Partnership Agreement of CoreSite, L.P., we expect, but are not obligated, to issue common stock to holders of operating partnership units upon exercise of their redemption rights. Our Board of Directors has the power, without further stockholder approval, to increase the number of authorized shares of common stock or preferred stock and issue additional shares of common stock or preferred stock, in one or more series, in any manner, and on the terms and for the consideration, it deems appropriate. See Description of Securities. We do not intend to engage in trading, underwriting or agency distribution or sale of securities of other issuers other than our operating partnership. At all times, we intend to make investments in such a manner as to qualify as a REIT, unless because of circumstances or changes in the Code, or the Treasury regulations, our Board of Directors determines that it is no longer in our best interest to qualify as a REIT. We have not made any loans to third parties, although we may in the future make loans to third parties, including, without limitation, to joint ventures in which we participate.

Reporting Policies

We intend to make available to our stockholders our annual reports, including our audited financial statements. After this offering, we will become subject to the information reporting requirements of the Exchange Act. Pursuant to those requirements, we will be required to file annual and periodic reports, proxy statements and other information, including audited financial statements, with the SEC. See Where You Can Find More Information.

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STRUCTURE AND FORMATION OF OUR COMPANY

Our Operating Partnership

Substantially all of our assets are held by, and our operations conducted through, our operating partnership and its subsidiaries. Immediately prior to the completion of the initial public offering of our common stock, we will enter into a series of transactions with the Carlyle real estate funds or their affiliates to create our new organizational structure. In the Restructuring Transactions, the Carlyle real estate funds or their affiliates will contribute to our operating partnership, CoreSite, L.P., their ownership interest in entities that each, directly or indirectly, own or lease one of the properties that comprise our portfolio as well as their interest in CoreSite, L.L.C., the company that manages these properties. In exchange for this contribution, our operating partnership will issue to the Carlyle real estate funds or their affiliates an aggregate of operating partnership units which, after the first anniversary of the completion of this offering, will be redeemable for cash or, at our option, exchangeable into our common stock on a one-to-one basis and have a total value of $ million, based upon the midpoint of the range set forth on the cover of this prospectus. Concurrently with the completion of this offering, we will purchase from the Carlyle real estate funds and their affiliates a portion of these units, units in the aggregate, for an aggregate purchase price of $, and we will purchase from our operating partnership an additional units for $. Following our purchase of these units, the Carlyle real estate funds or their affiliates will have an aggregate beneficial ownership interest in our operating partnership of approximately %, which, if exchanged for our common stock, would represent an approximately % interest in our common stock. In the event that the underwriters of the offering exercise their over-allotment option in full, we will purchase from the Carlyle real estate funds or their affiliates an aggregate of of these units for an aggregate purchase price of $, and we will purchase from our operating partnership an additional units for $. Our operating partnership intends to use the cash received from our purchase of its operating partnership units to redevelop and develop additional data center space and for general corporate purposes. See Use of Proceeds.

Our interest in our operating partnership s units will entitle us to share in any cash distributions from, and in the profits and losses of, our operating partnership in proportion to our percentage ownership of its units. As sole general partner of our operating partnership, we generally have the exclusive power under the partnership agreement to manage and conduct its business, subject to certain limited approval and voting rights of the other limited partners described more fully below in Description of the Partnership Agreement of CoreSite, L.P. Our Board of Directors manages the affairs of our company by directing the affairs of our operating partnership.

Limited partners have the right, commencing on the first anniversary of the completion of this offering, to require our operating partnership to redeem part or all of their units for cash based upon the fair market value of an equivalent number of shares of our company s common stock at the time of the redemption. Alternatively, we may elect to acquire those operating partnership units in exchange for shares of our company s common stock. Any such exchange will be on a one-for-one basis, subject to adjustment in the event of stock splits, stock dividends, issuances of stock rights, specified extraordinary distributions and similar events, subject to the ownership limits set forth in our charter and described under the section entitled Description of Securities Restrictions on Ownership and Transfer. With each redemption of units, we increase our percentage ownership interest in our operating partnership and our share of our operating partnership s cash distributions and profits and losses. See Description of the Partnership Agreement of CoreSite, L.P.

The following diagram depicts our ownership structure upon completion of this offering and the completion of the Restructuring Transactions (assuming no exercise by the underwriters of their over-allotment option). Our operating partnership owns or is under contract to acquire the various properties depicted below directly or indirectly, and in some cases through special purpose entities that were created in connection with various financings.

(1) Reflects the issuance of shares of our common stock to employees (none of whom are executive officers) concurrently with the completion of this offering in exchange for profits interests previously granted under our profits interest incentive plan. Also reflects awards of shares of restricted stock in the aggregate under our 2010 Equity Incentive Plan to each of our executive officers and other employees in connection with the completion of this offering, based on an initial public offering price of $ per share, the midpoint of the range set forth on the cover of this prospectus.

(2) Reflects the purchase by us of operating partnership units from our operating partnership and operating partnership units from the Carlyle real estate funds and their affiliates concurrently with the completion of this offering and the Restructuring Transactions.

(3) Reflects operating partnership units acquired by the Carlyle real estate funds and their affiliates in consideration of the contributions by such entities to our operating partnership in the Restructuring Transactions after giving effect to our purchase of of such operating partnership units as described in note (2) concurrently with the completion of this offering.

(4) Reflects operating partnership units issued to each of our executive officers (other than Messrs. Ray, Bair, Price and Sistek) and operating partnership units issued to employees (none of whom are executive officers), in each case, in exchange for profits interests previously granted under our profits interest incentive plan concurrently with the completion of this offering.

Determination of the Offering Price

Prior to this offering, there has been no public market for our common stock. The initial public offering price of our common stock will be determined in consultation with the underwriters and based on a number of factors, including our results of operations, our management, our estimated net income, our estimated funds from operations, our estimated cash available for distribution to you, our anticipated dividend yield, our growth prospects, the current market valuations, financial performance and dividend yields of publicly traded companies considered by us and the underwriters to be comparable to us and the current state of the data center industry and the economy as a whole. As a result, the initial public offering price does not necessarily bear any relationship to our book value, the fair market value of our assets or the appraised value of our properties. See Risk Factors Risks Related to Our Business and Operations We have not obtained third-party appraisals to establish the amount of operating partnership units to be issued in exchange for the properties to be contributed to our operating partnership in connection with the Restructuring Transactions and the operating partnership units issued by our operating partnership in exchange for these properties may exceed their fair market values.

DESCRIPTION OF THE PARTNERSHIP AGREEMENT OF CORESITE, L.P.

We have summarized the material terms and provisions of the Agreement of Limited Partnership of CoreSite, L.P., which we refer to as the partnership agreement. This summary is not complete. For more detail, you should refer to the partnership agreement itself, a copy of which is filed as an exhibit to the registration statement of which this prospectus is part. For purposes of this section, references to we, our, us and our company refer to CoreSite Realty Corporation.

Management of Our Operating Partnership

Our operating partnership, CoreSite, L.P., is a Delaware limited partnership that was formed on May 4, 2010. Our company is the sole general partner of our operating partnership, and we conduct substantially all of our business in or through it. As sole general partner of our operating partnership, we exercise exclusive and complete responsibility and discretion in its day-to-day management and control. We can cause our operating partnership to enter into major transactions including acquisitions, dispositions and refinancings, subject to certain limited exceptions. The limited partners of our operating partnership may not transact business for, or participate in the management activities or decisions of, our operating partnership, except as provided in the partnership agreement and as required by applicable law. We may not be removed as general partner by the limited partners without our consent. The partnership agreement restricts our ability to engage in a business combination as more fully described in Termination Transactions below.

The limited partners of our operating partnership expressly acknowledge that we, as general partner of our operating partnership, are acting for the benefit of the operating partnership, the limited partners and our stockholders collectively. Neither our company nor our Board of Directors is under any obligation to give priority to the separate interests of the limited partners or our stockholders in deciding whether to cause our operating partnership to take or decline to take any actions, except as described below. If there is a conflict between the interests of our stockholders on the one hand and the limited partners on the other, we will endeavor in good faith to resolve the conflict in a manner not adverse to either our stockholders or the limited partners. The limited partners agree that the status of the general partner as a REIT and as a reporting company under Section 12 of the Exchange Act with our shares listed on an exchange is of benefit to the operating partnership and that all actions taken in good faith by the general partner in support thereof shall be deemed actions taken for the benefit of the operating partnership and all partners including the limited partners. We are not liable under the partnership agreement to our operating partnership or to any partner for monetary damages for losses sustained, liabilities incurred or benefits not derived by the limited partners in connection with such decisions; provided, that we have acted in good faith and in accordance with the terms of the partnership agreement.

The partnership agreement provides that all of our business activities, including all activities pertaining to the acquisition and operation of properties, must be conducted through our operating partnership, and that our operating partnership must be operated in a manner that will enable us to satisfy the requirements for being classified as a REIT.

Transferability of Interests

Except in connection with a transaction described in Termination Transactions below, we, as general partner, may not voluntarily withdraw from our operating partnership, or transfer or assign all or any portion of our interest in our operating partnership, without the consent of the holders of a majority of the limited partnership interests. The limited partners have agreed not to sell, assign, encumber or otherwise dispose of their operating partnership units to any person (other than to us, as general partner, to immediate family members or any trust for their benefit, to affiliates of such partner, including, without limitation, any entity controlled by such partner, to a charitable entity or a trust for their benefit, or to a lending institution as collateral for a bona fide loan, subject to certa